

ANNUAL PERFORMANCE PLAN

2018/2019



Affordable Reliable Justice

CSOS
January 2018

Official sign-off

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the Community Schemes Ombud Service under the guidance of the National Department of Human Settlements (NDHS);
- Was prepared in line with the Strategic Plan of the Community Schemes Ombud Service (as revised in January 2018); and
- Reflects the performance targets which the Community Schemes Ombud Service will endeavour to achieve given the resources made available in the budget for 2018/19.

**MR. THEMBA D. MABUYA
CHIEF FINANCIAL OFFICER
COMMUNITY SCHEMES OMBUD SERVICE**

DATE:

**ADV. SEENG LETELE
ACTING CHIEF OMBUD
COMMUNITY SCHEMES OMBUD SERVICE**

DATE:

**REV. DR. VUKILE C. MEHANA
CHAIRPERSON OF THE BOARD
COMMUNITY SCHEMES OMBUD SERVICE**

DATE:

**HONORABLE MS. LINDIWE N. SISULU, MP
MINISTER FOR THE DEPARTMENT OF HUMAN SETTLEMENTS
EXECUTIVE AUTHORITY**

DATE:

CHAIRPERSON'S FOREWORD

It gives me great pleasure, as the Chairperson of the Board of the Community Schemes Ombud Service (CSOS), to present this Annual Performance Plan for the period 2018/19 to our Executive Authority, the Ministry and the Department of Human Settlements, represented by the Honourable Minister, Lindiwe Sisulu. These plans seek to fit into and contribute to the broader MTEF objectives, indicators and targets that are aimed at ensuring that the 1,495,000 housing opportunities in quality living environments are realised through the various human settlements housing programmes by the end of the current MTEF period in 2019.

As we present this Annual Performance Plan for 2018/19 to the Ministry, it is with excitement that the legislative processes have now been completed, thus enabling the CSOS to open its doors to the eager public during 2018/19. The recently revised APP for 2017/18 meant that the CSOS is now fully operational in the usage of the revised Budget of CSOS Levies collected as we were able to establish a base of Levy collection on the last quarter of 2016/17 as the CSOS executed its maiden levy collection.

The 7th January 2017 marked an enormous milestone to the organisation as we could start offering the full scale of our services as the grace period from the proclamation of the Acts and Regulations ended. This meant the organisation could offer adjudication services and Community Schemes were obligated to start paying the CSOS for its service offering. The organisation received its first collection due to it by the end of March 2017, for the last quarter of 2016/17 allowing it to record income alternate to the Government Grant that it receives and putting it well on its way to self-sustainability. It is also with great pride that I confirm that the organisation has continued to collect the CSOS Levy in the subsequent quarters making it three CSOS Levy collections to date.

There are minor no changes to the strategic objectives from the 2017/18 APP with the main focus being the effective and efficient delivery of service to the community schemes public and exposing the vision and mandate of the organisation to the public at large. The high level focus in 2018/19 still remains firmly on contributing meaningfully to the MTEF targets of the Department in the following areas:

- Regulating Community Schemes in South Africa;

- Provision of an effective dispute resolution mechanism, thus affirming the rights and obligations of owners and residents of community schemes in a manner that enhances their enjoyment in these types of human settlements;
- Provision of effective, quality training, advocacy and outreach programs to Adjudicators and Conciliators, as well as other stakeholders with interests in Community Schemes;
- Ensuring compliance within Community Schemes by providing governance oversight to the schemes;
- Improving neighbourly relations amongst community schemes residents, whilst sustaining the improvement of the property markets of the area; and
- Maintain best corporate governance, financial management and legal processes within CSOS, and ensuring that the entity is effective and sustainable.

These functions form the core of our plans as key strategic objectives. It is my desire and determination that, together with my fellow Board members, the Acting Chief Ombud and the entire management and staff of the CSOS, as well as the unwavering support of the NDHS, we will drive towards the achievement of our mandated objectives in the most effective, efficient and expeditious manner, and thus make a meaningful contribution to the MTSF targets of the NDHS. This, in turn, is intended to deliver a progressive improvement and enhanced quality in the living conditions of our people in the country generally.

**CHAIRPERSON OF THE BOARD
COMMUNITY SCHEMES OMBUD SERVICE**

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PART A: STRATEGIC OVERVIEW

1 CSOS Annual Performance Plan 2018/19 Executive Summary

The CSOS draft Annual Performance Plan (APP) **2018/19** has been developed in line with the National Treasury Framework for Strategic Plans and Annual Performance Plans issued by National Treasury. However, a major operational review has been carried out, which has resulted in a significant budget review which has been conducted during **2017/18** as a result of CSOS first CSOS levy collection at the end of the 2016/17 year. This review was finalised in June 2017 and has resulted in a revised and subsequently approved Annual Performance Plan (APP) and Strategic Plan at the end of June 2017. The main reason for the revision is that given CSOS prior budget and operational deficiencies, the collection of CSOS levy has led to the organisation being able to realise its full mandate allowing it to capacitate and offer services not previously offered due to the delayed approval of the CSOS ACT and Regulations. With the benefit of two quarters of CSOS levy collection, as well as the human capital capacitation drive commencing in the second quarter of 2017/18, the CSOS is in a better position to craft and scope its mandate with much more accuracy, hence the review.

2 Updated Situational Analysis (January 2018)

The CSOS has found itself in a better standing to regulate the Community Schemes environment in the country since its realisation of CSOS levy collection as well being in full swing of executing its full mandate which now includes the adjudication of matters. The organisation has made tremendous progress in creating a database of schemes, albeit still in a manual process of execution, of which it has started to engage with when regulating the industry. The public awareness campaigns that have commenced in September 2017 will go a long way to exposing the CSOS to the South African public which will assist further in the drive to have the maximum schemes in the country registered. The organisation seeks to fully regulate the Community Schemes industry as it was previously unregulated with an unfair scale of mediation and dispute resolution. In order to address this matter, the CSOS thus carries in its mandate the following objectives:

- Regulating the Community Schemes in South Africa by:
 - Taking custody of governance documentation and establishing a central publicly accessible repository thereof,
 - Registration of community schemes and building a central database thereof,
 - Reviewing, improving the quality and standardising the governance documentation,
 - Taking measures to generally promote good governance in sectional titles and other community schemes, and
 - Providing widespread education and/or training to current and potential owners, residents and other stakeholders, as well as Conciliators and Adjudicators in the property industry.

The CSOS will thus strengthen the offering of these services to the South African community schemes per the mandate in 2018/19 while working hard to increase the national footprint and access to the organisation.

2.1 Performance Environment

2.1.1 The Political Environment

Politically, the CSOS is accountable to the Minister for Human Settlements. The CSOS will report regularly to the Minister on progress made in implementing its mandate. Periodic reports will be tabled in Parliament as is required in terms of the PFMA, and by the instruction of the Parliamentary Portfolio Committee on Human Settlements.

The CSOS Act empowers the organisation to create orderly and well-managed community schemes. This will be carried out by resolving disputes amongst the parties, administration of schemes governance documentation and providing regular training and education to all stakeholders. Fostering inter-relationships between the CSOS and various community schemes is critical.

The institution is, therefore, a contributor to the Outcome 8 objective of the MTEF, on its way to the achievement of the 2030 Human Settlements Vision, as articulated in the National Development Plan.

The CSOS will also build meaningful relations with other entities within the Department of Human Settlements to ensure Inter-Agencies dependencies are explored and addressed. The aim is to ensure that all entities are apprise of the CSOS mandate and we all contribute towards the goals of the department.

2.1.2 The Economic Environment

CSOS Dispute Resolution Model in **Figure 1** shall be implemented in a manner that caters for applicants for dispute resolution whilst not oblivious to economic trends and the interest of affected community schemes. The principle of affordability of the dispute resolution services is key to the establishment of this entity. Various funding sources will be employed to enable the organisation to be self-sustainable, but in a manner, that ensures that the incidence of the cost is minimised on the beneficiaries of the service. These include amongst others, grants appropriated by Parliament, levies payable by community schemes, services charges and charges on accessing schemes governance documentation.

The CSOS operations will be aligned with good corporate governance principles. The principle of fairness, without favour, shall be applied to all parties cited in the dispute.

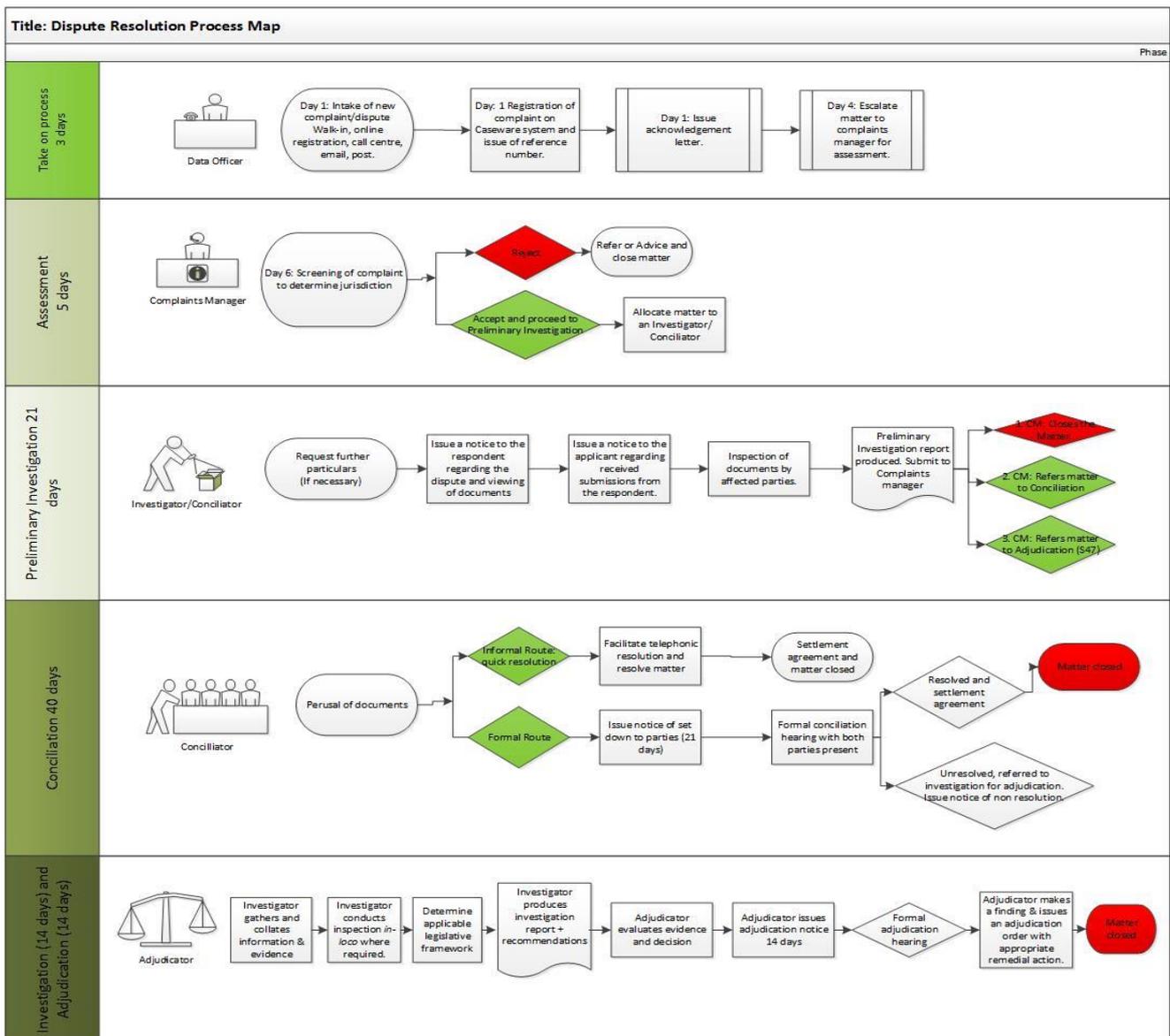


Figure 1: CSOS Dispute Resolution Model

2.1.3 The Social Environment

South Africa currently holds the fourth largest number of community schemes in the world. The rapid growth of community scheme living in South Africa is a sure sign of migration trends, as more and more people flock to the large urban centres of the country in search of economic - work and business - opportunities. The scarcity of land in urban centres, the cooling of resources by families and acquaintances, security concerns, and convenience of community schemes locations, are social factors that have contributed to this form of tenure, and it is likely that this growth trend will continue rather than abate.

Through its dispute resolution service and the promotion of good governance, CSOS will maintain stability and harmonious relations between the parties within community schemes. Harmonious social relations amongst parties within the community schemes are of utmost importance as they co-own and co-govern the community scheme.

2.1.4 The Technological Environment

The technological environment presents a perfect opportunity for the CSOS to tap from best-case scenarios. Appropriate technological case management and customer relationship management, as well as an integrated Enterprise Resource Planning (ERP) and Revenue Management System and capabilities, will be implemented by the organisation to effectively discharge its mandate.

Data and information will, from time to time, be gathered, collated and captured in a developed CSOS database. That database will form the cornerstone in capturing and delivering technology to be adopted and utilised by the entity when performing its mandate which includes taking custody of schemes documentation and providing access to that information to the public. CSOS information and communications technology (ICT) will be compatible with public and private sector entities' ICT systems that it will be interacting with in implementing its mandate. The existing ICT of the modern world can, therefore, be used by the CSOS as a planning and a service delivery enabler.

The upcoming year will prove pivotal to the development of ICT systems that will enable the business prospects and targets of the organisation. Some of the systems to be deployed include the Revenue Management and an ERP system that fully meets the current requirements integrated to the operational system.

2.1.5 Strategic Planning Process

The CSOS utilises a bottom up approach to strategic planning starting within the respective business units, further put together by the executives and finally the board is apprised of operational and strategic plans of the entity.

In May 2017, the organisation was coming to terms with the Levy income that was starting to become the primary income for the CSOS which led to the Executives planning a strategic session to plan the use of the additional income to facilitate CSOS objectives and plan for achieving its deliverables. The CSOS levy has since far outweighed the Government grant with regards to income received and in an effort to expedite CSOS operational growth, especially regarding capacitation, the CSOS convened a special Board to have the new organogram approved in order to commence recruitment, this happened in August 2017. The recruitment process for the approved critical positions commenced in October 2017. To further strengthen the upcoming 2018/19 APP, the CSOS had a final strategic session in January 2018 which formulated the final APP with accurate budgetary financials, an updated recruitment plan, and final procurement plan.

The Roadshows held between October and December, also give CSOS the chance to engage its stakeholders helping in the decisions of national expansion as enough information was gathered to all CSOS to determine where additional offices needed to be opened to make CSOS accessible.

2.1.6 CSOS Operating in a Generally Complex Environment

It is acknowledged that CSOS has ventured into a highly complex environment, in that it is expected to deal with highly experienced and exposed community schemes when investigating, conciliating and adjudicating, as well as conducting its education and training programmes in the public space. As the organisations continues to engage the stakeholders and embed the idea of the role of the Ombud, the intellectual experience of the organisation is growing leading to a much better service being offered and legislations being amended to better the community schemes environment.

2.2 Organisational Environment

2.2.1 The CSOS Board of Directors

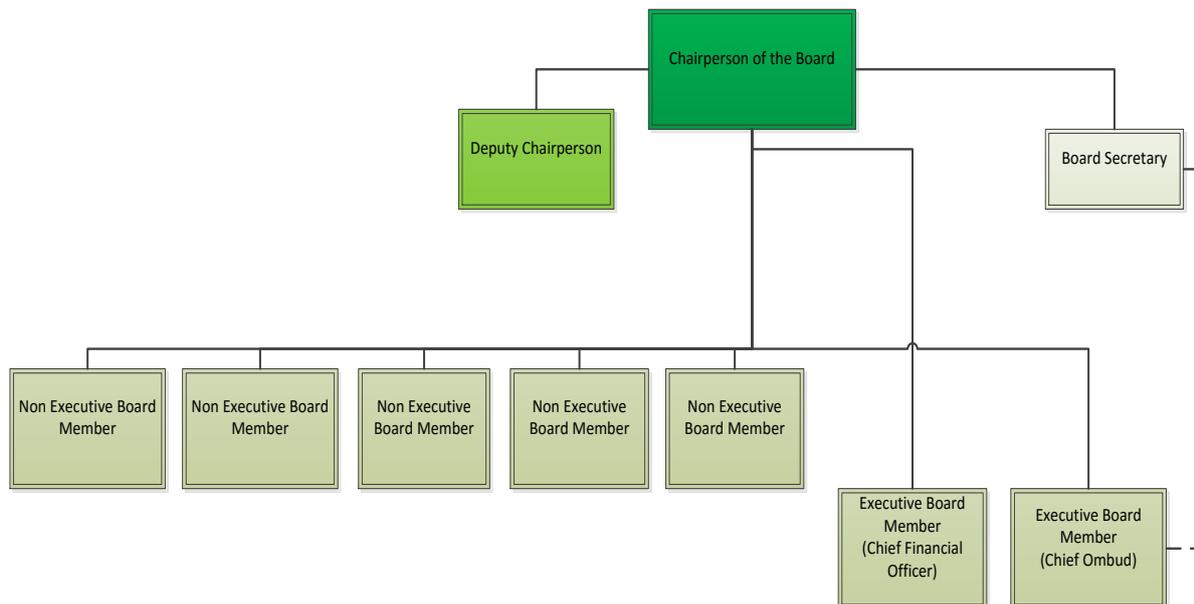


Figure 2: CSOS Board structure

The CSOS Board of Directors consists of seven (7) non-executive members and two (2) executive members i.e. the Chief Ombud and the Chief Financial Officer (see Figure 2) above. The Minister appoints the non-executive members including the Chairperson and the Deputy-Chairperson. The non-executive members hold office for a term not exceeding three (3) years. However, any non-executive member of the Board may be re-appointed but may not serve for more than two (2) consecutive terms. The non-executive members are appointed on a part-time basis and receive allowances as determined by the Minister from time to time in consultation with the Minister of Finance as required by Section 7(7) (d) of the CSOS Act, No. 9 of 2011.

The Board is representative in terms of race, gender and geographic spread. Its skills profile and experience include financial management, risk management, people management, dispute resolution in community schemes, public education and training, management of community schemes and compliance and law.

The roles and responsibilities of CSOS Board include the following:

- Giving effect to the strategy of CSOS to achieve its strategic objectives;
- Executing accounting authority to the organisation;
- Providing strategic guidance and direction to the organisation; and
- Reporting to the Minister on progress made in achieving the mandate of CSOS.

The role of the Chairperson of the Board is to Chair Board meetings with the objective:

- To create and maintain a harmonious interactive environment within the Board and between the Board and the organisation; and
- To coordinate interactions with the Minister.
- The role of the Deputy Chairperson is to assume all responsibilities of the Chairperson in the absence of the Chairperson and may chair other Committees as assigned by the Board.
- The role of other Board members is to chair Committees as assigned by the Board and to perform any delegated task.

2.2.2 CSOS Board Committees

To comply with corporate governance principles, CSOS has established the following Board Committees (Figures 3 – 6):

- Human Resources and Remuneration Committee;
- Audit, Risk and Ethics Committee;
- Legislation, Regulation and Adjudication Committee; and
- Finance Committee.

The Board shall assign its members to serve on these Committees on the basis of their knowledge and skills. The Board must determine:

- Each Committee's terms of reference;
- Composition;
- Report mechanisms; and
- That non-executive members must make-up the majority of a Committee.

A Committee may appoint specialists to the Committee on the basis of their technical skills and abilities. Each Committee must make recommendations to the Board for approval. Each Committee must have a special relationship with the Office of the Chief Ombud.

2.2.3 Human Resources and Remuneration Committee

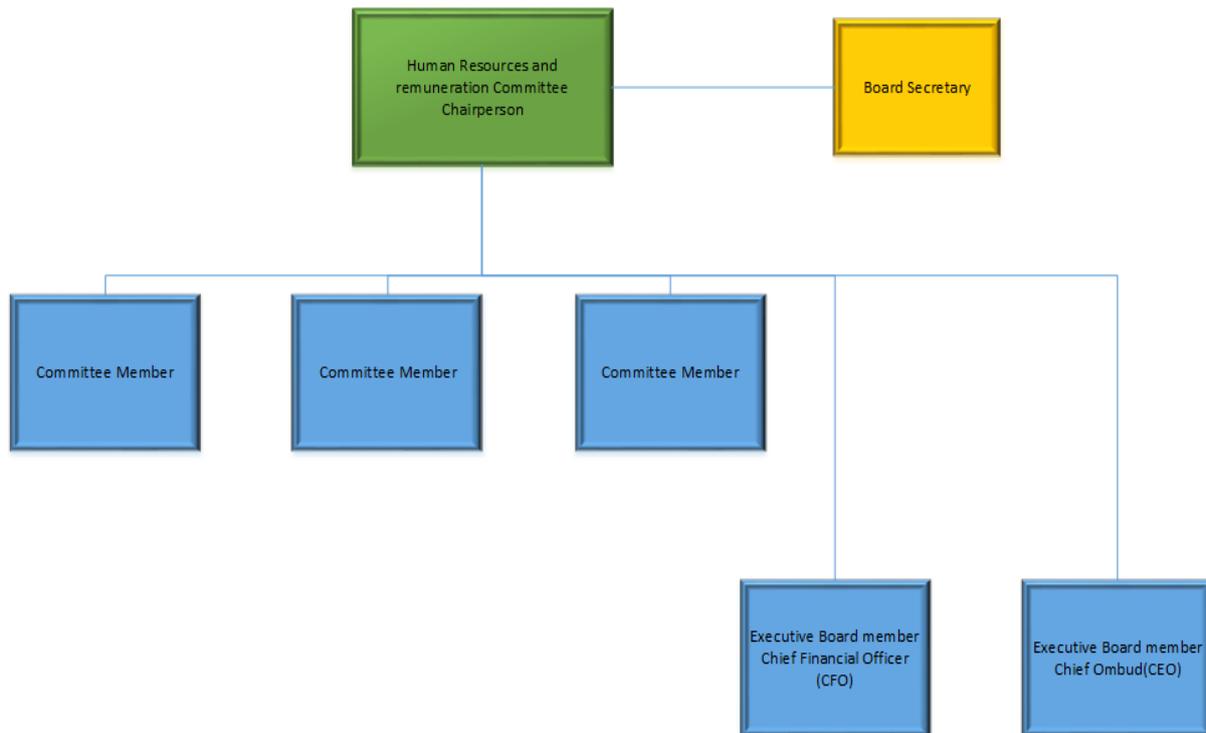


Figure 3: Human Resources and Remuneration Committee(HRREMCO)

The Functions of the Human Resources and Remuneration Committee are:

- To ensure the organisation's financial and economic viability through the application of appropriate human resource systems and controls;
- To facilitate the development and implementation of best human resources practices, employment equity, skills development and employee relations to ensure efficient and effective delivery of services;
- To determine the remuneration policy in accordance with job grading and job evaluation system;
- To ensure organisational and individual performance through the application of performance and monitoring systems;
- To facilitate the development and implementation of a viable human resource funding model;
- To review and recommend any significant expenditure for approval to the board;
- To review and recommend any significant human capital expenditure programme;
- To review and recommend the HR budget for approval by the board; and
- To review and recommend policies for approval by the board.

2.2.4 Audit, Risk and Ethics Committee

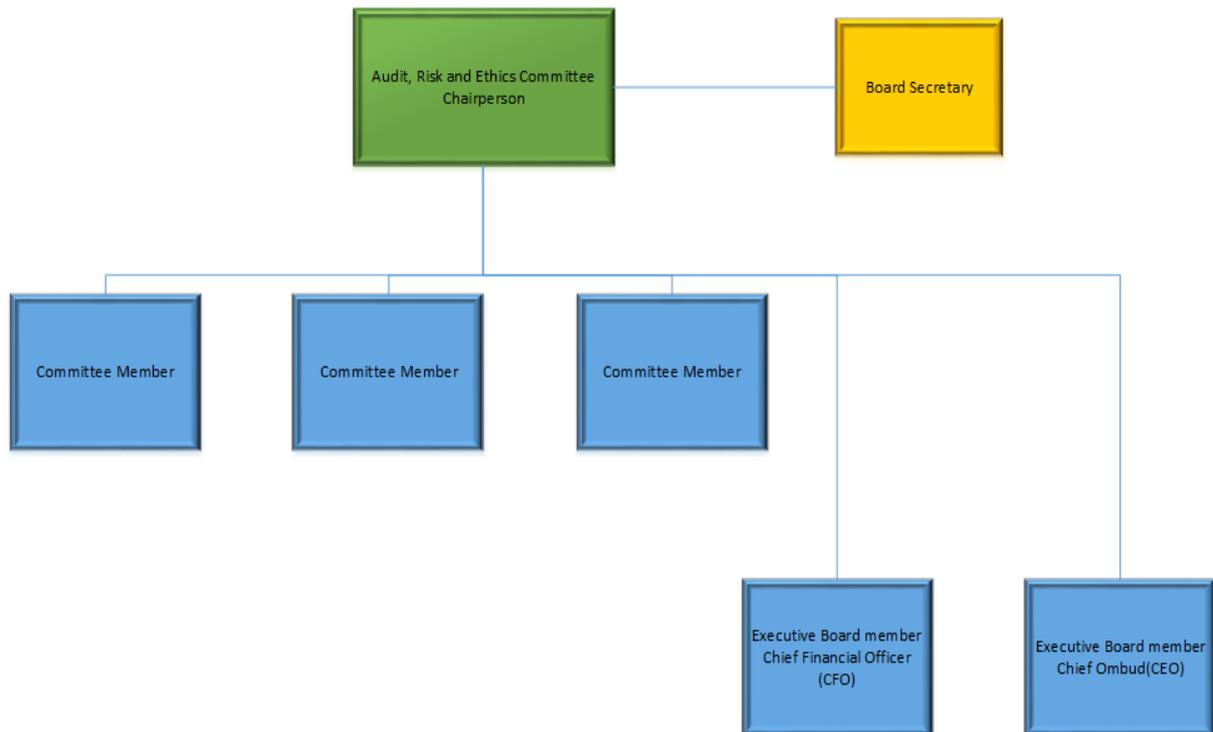


Figure 4: Audit, Risk and Finance Ethics Committee (ARECO)

Functions of the Audit, Risk and Ethics Committee are:

- To create a conducive working environment for the undertaking of the audit function;
- To manage and mitigate risk by facilitating the development and implementation of appropriate systems and controls;
- To ensure organisational compliance with applicable laws and regulatory frameworks; and
- To monitor implementation of the audit plan, risk management plan and fraud prevention plan;
- To ensure the implementation and adherence to CSOS values and promote ethical behaviour;
- To act as a channel of communication between the CSOS Board, management and the Internal and External Auditors.

2.2.5 Legislation, Regulation and Adjudication Committee

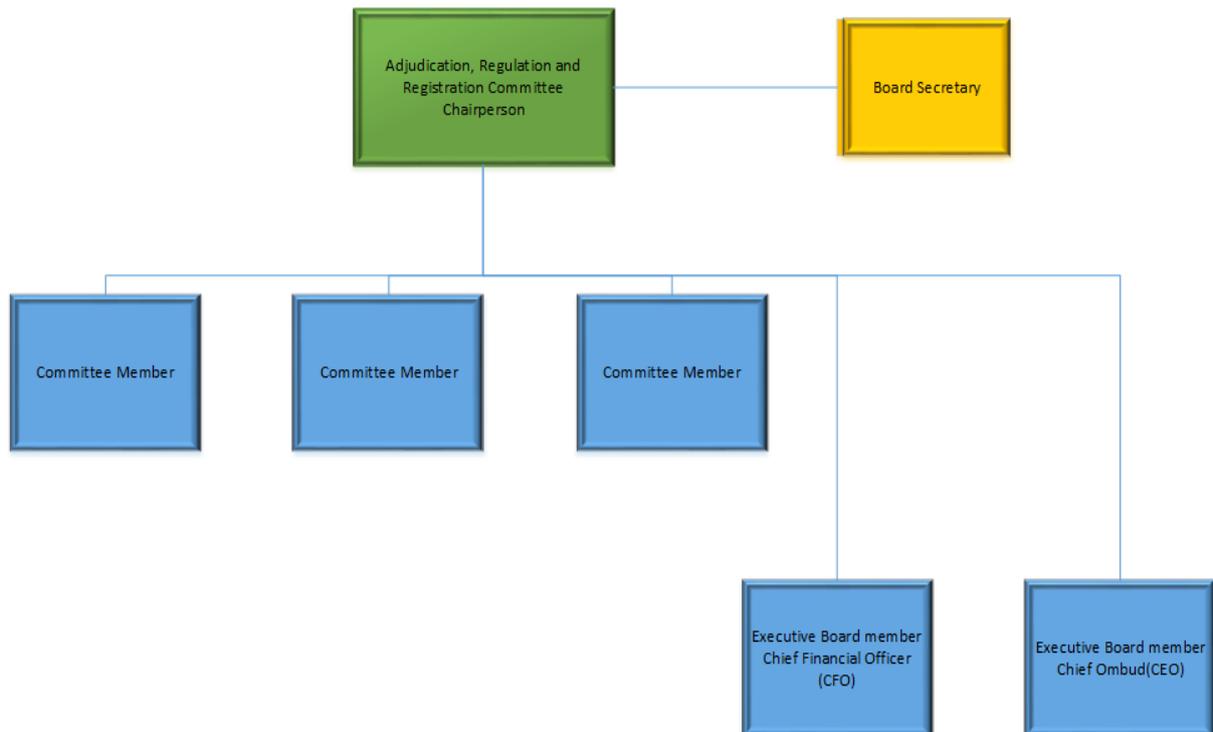


Figure 5: Legislation, Regulation and Adjudication Committee(LRACOM)

Functions of the Legislation, Regulation and Adjudication Committee are:

- To assist the Board to discharge its responsibility relating to the governance of community schemes and the adjudication of community scheme dispute;
- To develop and implement guidelines for the promotion of good governance of community schemes;
- To co-ordinate dispute resolution services;
- To co-ordinate the conducting of research and monitoring and evaluation of the activities of the organisation to assess its impact; and
- To coordinate the provisioning of general legal advice and contract management and administration.

2.2.6 Finance Committee

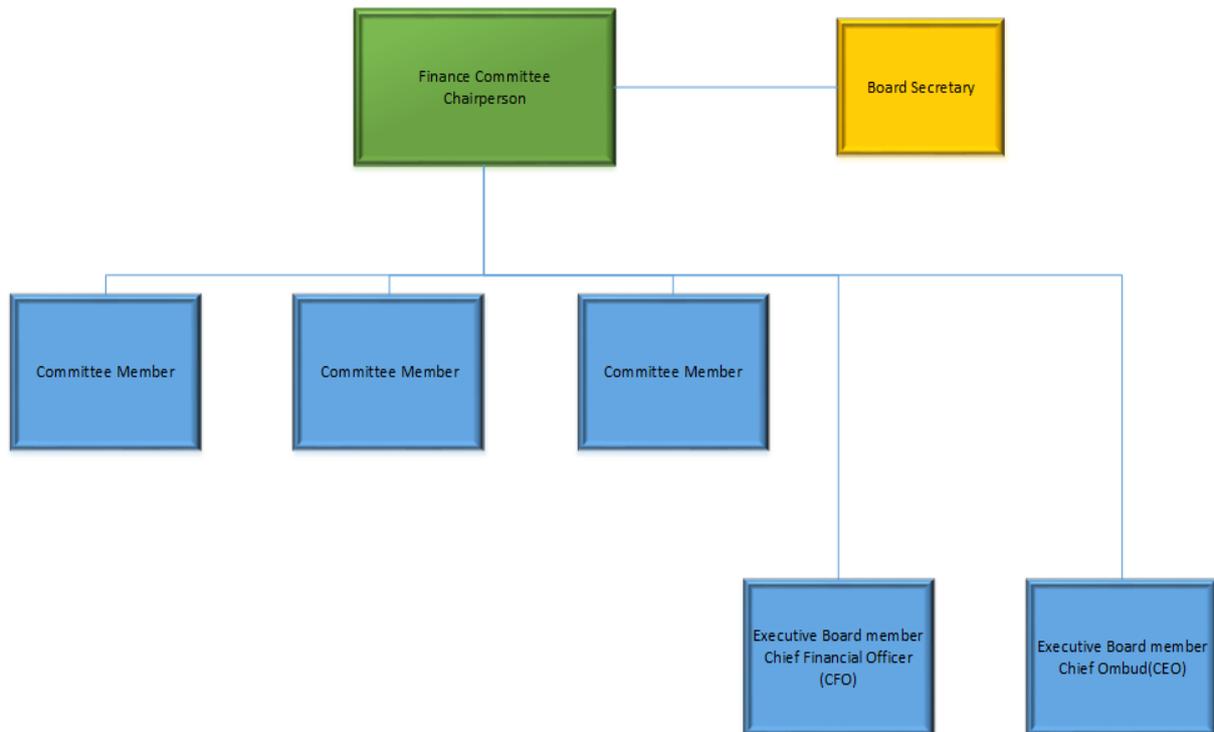


Figure 6: Finance Committee(FINCOM)

Functions of the Finance Committee are:

- Review management's plans to manage the service's exposure to financial risk.
- Review the CSOS' cash plan, balance sheet, and budget allocation.
- Review the CSOS' capital allocation strategy, including the cost of capital.
- Recommend investment actions to the Board of Directors.
- Review the CSOS's investment strategy, financial performance and funding.
- Oversee ICT operations and governance

2.2.7 CSOS Executive Management Committee (EXCO) – Reporting Lines

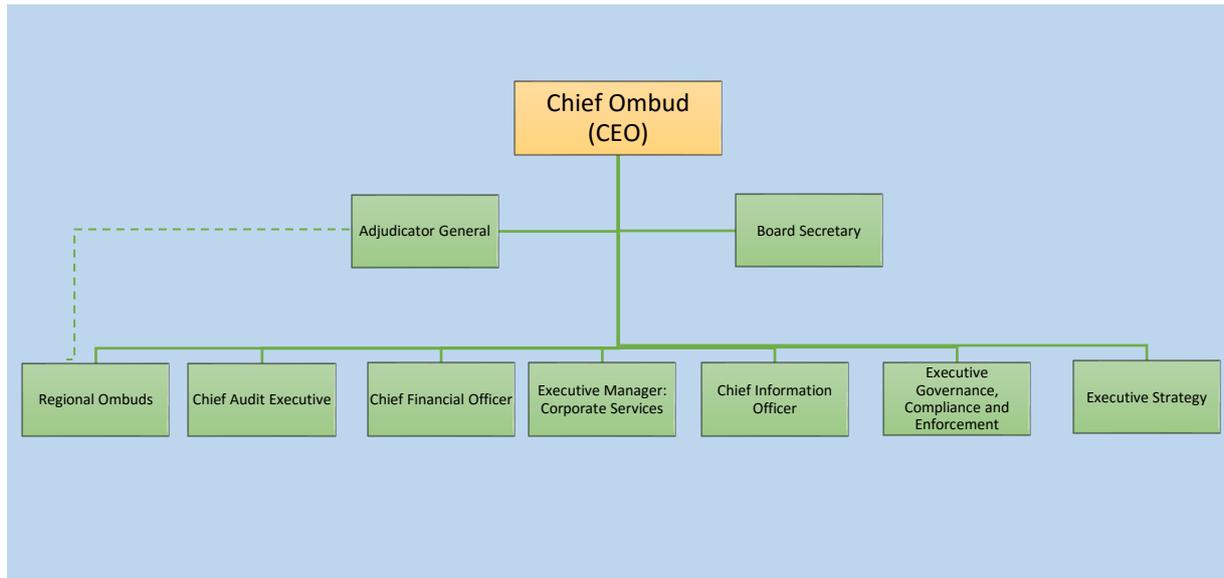


Figure 7: Executive Management Committee (EXCO)

The functions and purpose of the EXCO are:

- To facilitate the development and implementation of an organisational strategy supported by strategic business units and operational plans;
- To lead, plan, coordinate, manage and control the operations of the organisation;
- To facilitate the development and implementation of appropriate financial systems and controls to improve financial prudence and accountability; and
- To facilitate the development and implementation of appropriate human resources management and development practices, processes and procedures to enhance excellence and equity.

Role of the Chief Ombud

- The Chief Ombud is accountable to the Board through the Chairperson;
- To provide overall leadership, guidance and direction to the organisation to deliver on its mandate;
- To execute and implement the CSOS strategy supported by strategic business units, operational and individual performance plans. Ensure financial viability and efficacy of CSOS. Ensure organisational efficacy of CSOS and manage the public affairs and positively profile CSOS;
- To develop and implement strategic performance plans, risk management plans, audit plans and fraud prevention plans for the organisation;
- Develop/Improve/ Implement the overall CSOS Performance Management System;
- To develop and implement appropriate financial and human resources policies, processes and procedures to promote organisational, economic and financial performance;
- Ensure the operational delivery of the CSOS programmes;
- To regularly submit/present reports to NDHS/Parliamentary Committee/s; and

- To chair EXCO (a reference to **Figure 7** above) and present organisational reporting to the Board, including attending to State matters as per the Board's Delegation of Authority.

2.2.8 CSOS Functional Divisions and Units

Internal Audit

The Purpose and Functions of the Internal Audit division are:

- Develops and implements the three-year rolling CSOS Audit Plans;
- Conducts internal audits in accordance with the standards set by the Institute of Internal Auditors;
- Has explicit authority to investigate matters within its powers as identified in a written term of reference;
- Reports to the Audit Committee issues affecting the entire CSOS;
- Evaluates and improves the effectiveness of risk management processes and controls, including areas likely to open CSOS to fraud and corruption; and
- Timely engages with CSOS Board appointed external auditors and documentation.

Governance of Community Schemes Services

The Purpose and Functions of the Governance of Community Schemes Services are:

- To develop and implement guidelines for the promotion of good governance of community schemes;
- To co-ordinate dispute resolution services;
- To co-ordinate the conducting of research and monitoring and evaluation of the activities of the organisation to assess its impact;
- To coordinate the provisioning of general legal advice and contract management and administration;

The **Adjudicator General** and **Regional Ombud** will perform the following tasks:

- Alternative Dispute Resolution Services;
- Intake and Assessment;
- Conciliation;
- Investigation;
- Adjudication;
- Enforcement of adjudication orders;
- Operate in line with the CSOS overall strategic thrusts and programmes;
- Operate with necessary budget – with timely prepared and submitted operational plans for each Provincial Ombud Office;
- It is adequately staffed and resourced to attend to basic tasks as espoused in CSOS strategic documents;

- Regularly report on performance trends depicted in CSOS strategic documents and/or mandate;
- Regularly participates in EXCO activities and those of the Board Committees as and when necessary to do so;
- To provide overall leadership, administration and management of the affairs of Provincial Offices;
- Staff performance assessments.
- Regularly report on performance trends depicted in CSOS strategic documents and/or mandate;
- Ensure accuracy and safekeeping of records in their Provincial Offices.
- Stakeholder management;
- Creation of awareness and public participation; and
- Provide support services in Regions where Ombud services are not yet established.

Each Ombud Office is assigned specific responsibility to perform within the province where they are located and deal directly with matters arising out of provinces that are without Ombud Offices. Information sourced from sub-provincial areas will be documented in a manner that will assist CSOS in motivating for the establishment of other Provincial Offices, including costed models and institutional arrangements.

Chief Financial Officer

The Purpose and Functions of the Chief Financial Officer division are:

- To develop and implement systems, controls and measures and policies to promote prudent and accountable financial and accounting management practices and procedures;
- To develop and implement appropriate supply chain management policies, processes and procedures to promote fair and competitive bidding process; and
- To enhance prudent budget planning and control systems, processes and practices; and financial compliance and reporting.

Chief Information Officer

The role of the CIO is to provide IT and ICT functional management by:

- Developing and aligning the ICT strategy to CSOS business strategy and implement;
- Systems deployment and support services;
- ICT-related project management;
- Identify and mitigate ICT related risk and ensure good governance of ICT resources;
- ICT policies development and implementation;
- 3rd Party service provider relationship management; and

- Ensuring Service Level Agreement compliance.

Executive Manager: Corporate Services

The Purpose and Functions of the Corporate Services division are:

- Human Resource Management and Development
 - Skills audit, personnel training and development
 - HR Planning
 - Labour matters and related compliance
 - Staff assessments
 - Organisational development and related evaluations
- Communications and Marketing
 - Internal and external communication
 - Marketing of CSOS products and services
 - Creation of awareness and public participation
 - Stakeholder communication and engagement
- Facilities functional management

Executive Strategy and Risk

- To develop and facilitate the organisations strategic planning, and align to the organisations medium and long-term goals while adhering to legislative requirements;
- Develop Strategic and Annual performance plans in alignment with the Executive Authority plans;
- Facilitate strategic planning sessions and consolidate the outcomes;
- Ensure that all employees participate in the CSOS' Strategic planning activities in order to ensure an inclusive process and to obtain buy in;
- Promote the development and implementation the Annual Performance Plans (APP) with direction of each Business Division and its Executive
- Ensure that the Strategic Plan and APP's are continuously monitored for effective implementation;
- Develop a framework for monitoring and evaluation within the organisation;
- Ensure business improvement plans are developed or action plans to deal with backlogs and/ or poor performance;
- Present a quarterly monitoring and evaluation and analytical report to EXCO and Board on achievements on the organisation performance in relation to the Annual Performance Plan targets; and
- Responsible for the submission of monthly as well as quarterly management and statutory reporting to the EXCO, Board as well as the Executive Authority.

Executive Governance, Compliance and Enforcement

- To provide strategic leadership, leading and directing the CSOS core regulatory function,
- Provide Legal Services, Advice and legal matters pertaining to the core functions;

- Oversee the Development and Implementation of Policies that will ensure Governance within Community Schemes;
- Oversee the development of database of all Community Schemes within South Africa;
- Oversee, regulate, monitor and control the quality of all Community Schemes Governance Documentation;
- Oversee the preservation and provision of public access electronically or by other means to Community Schemes Governance Documentation;
- Ensuring compliance by community schemes with their obligation in terms of the CSOS Act STSM Act;
- Oversee the development and implementation of the Compliance Framework for CSOS;
- Ensure that the Legal Strategy and Schemes Governance Strategy and Compliance Framework are in line with the Annual Performance Plan (APP);

3 Revisions to legislative and other mandates

The Community Schemes Ombud Service Act, 2011 (Act No 9. of 2011) and the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011) with respective Regulations, were proclaimed on 07 October 2016. This means that CSOS became officially and legally operational. Other Primary legislations that apply to CSOS are as follows:

- Public Finance Management Act, 1999 (Act No 1 of 1999)
- CSOS act
- STSMA
- Sectional Titles Act, 1986 (Act No 95 of 1986)
- Share Blocks Control Act, 1980 (Act No. 59 of 1980)
- Housing Development Schemes for Retired Persons Act, 1988 (Act No 65 of 1988)
- South African Co-operatives Act, 2005 (Act No. 14 of 2005)
- Companies Act
- Constitution of the Republic of South Africa

3.1 Overview of the 2018/19 budget and MTEF estimates

ESTIMATES BY PROGRAMME	2016/17	2017/18	2018/19	2018/19				2019/20	2020/21
	Audited Actuals	Current Budget	Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4	MEDIUM TERM EXPENDITURE ESTIMATES (MTEF)	
	(R')	(R')	(R')	(R')	(R')	(R')	(R')	(R')	(R')
Administration (S05)	24,757,702	78,343,158	180,177,788	45,044,447	45,044,447	45,044,447	45,044,447	190,118,791	200,739,560
Regulation (S01, S02 & S03)		44,741,523	53,965,893	13,491,473	13,491,473	13,491,473	13,491,473	56,934,017	60,065,388
Education and Training (S04)		2,741,319	6,191,319	1,547,830	1,547,830	1,547,830	1,547,830	6,531,842	6,891,093
Total	24,757,702	125,826,000	240,335,000	60,083,750	60,083,750	60,083,750	60,083,750	253,584,650	267,696,041

Table 1: Programme Expenditure Split

3.2 The Income streams, including the charges to the National Revenue Fund.

Income Streams	Audited Actuals	APPROVED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2016/17	2017/18	2018/19	2018/19	2019/20	2020/21
	25,468,000	125,826,000	240,335,000.00	240,335,000	253,584,650	267,696,041
Government Grant	23,920,000	23,300,000	31,105,000	31,105,000	32,847,000	34,817,820
CSOS Levy Income	-	96,100,000	200,000,000	200,000,000	211,000,000	222,605,000
CSOS Dispute Resolution Service Fees	-	50,000	180,000	180,000	189,900	200,345
CSOS Documentation Fees	-	-	-	-	-	-
CSOS Service Fees	-	-	-	-	-	-
Interest Income	1,548,000	5,976,000	9,000,000	9,000,000	9,495,000	10,017,225
Budget Commitments from Prior Year	-	-	-	-	-	-
Other Income	0	400,000	50,000	50,000	52,750	55,651

Table 2: Income Streams

3.3 Expenditure trends related to strategic outcomes

The 2018/19 expenditure splits per the CSOS strategic objectives are shown below:

SO1: Regulate all Community Schemes within South Africa:	R 30 468 071
SO2: Control and provide quality assurance of Community Schemes Governance Documentation:	R 7 832 607
SO3: Provide a Dispute Resolution service for Community Schemes:	R 15 665 216
SO4: Provide stakeholder training, consumer education and awareness for property owners, occupiers and other stakeholders in Community Schemes.:	R 6 191 318
SO5: Ensure that the CSOS is an effective and sustainable organization:	R 180 177 788
Total	R 240 335 000

What has changed in this space is the source of funding the total expenditure. The initial envisaged funding mix has been realised with the CSOS Levy coming into effect at the end of the 2016/17 financial year allowing a more realistic spread of funds on the Strategic Objectives.

This revised budget will allow the CSOS to execute its operational mandate more effectively while capacitating the core staff. More vigorous stakeholder educational training and public awareness campaigns are planned and anticipated to increase the number of registered and paying community schemes.

Going forward, the operational targets have been modified in view of the practical timelines for collecting income, using the 2018/19 amended baseline.

PART B: PROGRAMME AND SUBPROGRAMME PLANS

The CSOS Strategic Objectives (SO) are as follows:

SO1: Regulate all Community Schemes within South Africa

SO2: Control and provide quality assurance of Community Schemes Governance Documentation

SO3: Provide a Dispute Resolution service for Community Schemes

SO4: Provide stakeholder training, consumer education and awareness for property owners, occupiers and other stakeholders in Community Schemes.

SO5: Ensure that the CSOS is an effective and sustainable organisation

The CSOS Strategic Objectives have all been classified under the Administration Programme of the Department of Human Settlements. Internally, the CSOS executes the Strategic Objectives under 3 sub-programmes as shown below:

SUB-PROGRAMME	CSOS STRATEGIC OBJECTIVE
Regulatory Activities	SO1, SO2, SO3
Education and Training activities	SO4
Operational Efficiency and Effectiveness	SO5

Table 3: Sub-Programme classification of Strategic Objectives

4 Programmes, Performance Indicators, Budgets, Quarterly target information

SUB-PROGRAMME: REGULATORY ACTIVITIES

STRATEGIC OBJECTIVE 1: Regulate all Community Schemes within South Africa

PURPOSE:

Registrations

- Ensure that all Community Schemes are registered with the CSOS

Compliance

- Ensure that the Community Schemes comply with their legislative obligation under the CSOS Act and STSMA.

Database of Schemes

- Create a database of all community schemes

Strategic Objective	Key Performance Indicators	Actual – Audited	Actual Audited	Estimated Performance	Estimated Performance	Medium-Term Targets	
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Regulate all community schemes	Number of schemes registered	n/a	25 000 Schemes registered	30 000 schemes registered	30 000 schemes registered	20 000 schemes registered	10 000 schemes registered

Table 4: Strategic Objectives Annual targets - SO1

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4 th
Number of schemes registered	Quarterly	30 000 schemes registered	10 000 schemes registered	10 000 schemes registered	5 000 schemes registered	5 000 schemes registered

Table 5: Quarterly Target Information SO1

SUB-PROGRAMME: REGULATORY ACTIVITIES

STRATEGIC OBJECTIVE 2: Control and provide quality assurance of Community Schemes Governance Documentation

PURPOSE:

Governance

- Provide quality assurance to the schemes governance documentation received by the CSOS.
- Record all existing and new schemes governance documentations as received from the community schemes and other entities on the database.

Documentation Custody

- Implement a schemes governance records management and documentation system

Public Accessibility

- Ensuring that the documentation is adequately secured, protected and accessible to the public.

Strategic Objective	Key Performance Indicators	Actual – Audited	Actual Audited	Planned Targets	Planned Targets	Medium-Term Targets	
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Control and provide quality assurance of Community Schemes Governance Documentation	Quality Assured Governance Documentation (New Schemes and Amendments of rules)	MoU between Ministries (DRDLR / Department of Human Settlements (DHS) finalised	MoU between entities (CSOS/DRDLR) is signed	5000 governance documentation quality assured	1500 governance documentation quality assured	2000 governance documentation quality assured	3000 governance documentation quality assured
	Certificate issued for community schemes governance documentation that has been quality assured	Activity not yet commenced	198 Certificates issued for community schemes governance documentation that has been quality assured	5000 Certificates issued for community schemes governance documentation that has been quality assured	1 500 Certificates issued for community schemes governance documentation that has been quality assured	2 000 Certificates issued for community schemes governance documentation that has been quality assured	3 000 Certificates issued for community schemes governance documentation that has been quality assured

Table 6: Strategic Objectives Annual targets – SO2

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4 th
Quality Assured Governance Documentation (New Schemes and Amendments of rules)	Quarterly	1 500 governance documentation quality assured	375 governance documentation quality assured	375 governance documentation quality assured	375 governance documentation quality assured	375 governance documentation quality assured
Certificate issued for community schemes governance documentation that has been quality assured	Quarterly	1 500 Certificates issued for community schemes governance documentation that has been quality assured	375 Certificates issued	375 Certificates issued	375 Certificates issued	375 Certificates issued

Table 7: Quarterly Target Information SO2

STRATEGIC OBJECTIVE 3: Provide a Dispute Resolution service for Community Schemes

PURPOSE:

Dispute Resolution

- Provide a Dispute Resolution services to all Community Schemes in South Africa
- Maintain an effective, professional, and transparent dispute resolution service

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Audited	Actual Audited	Planned Targets	Planned Targets	Medium-Term Targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
Provide a Dispute Resolution service for Community Schemes in South Africa	Percentage of disputes resolved	Dispute resolution model developed	600 Disputes targeted for resolution through Conciliation within 40 days for 80% of cases received.	600 Disputes targeted for resolution through conciliation at specified service levels	60% of Disputes received resolved	70% of Disputes received resolved	80% Disputes received resolved	80% Disputes received resolved

Table 8: Strategic Objectives Annual targets – SO3

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4 th
Percentage of disputes resolved	Quarterly	70% of Disputes received resolved				

Table 9: Strategic Objectives Quarterly targets – SO3

SUB-PROGRAMME: EDUCATION AND TRAINING

STRATEGIC OBJECTIVES 4: Provide stakeholder training, consumer education and awareness for property owners, occupiers and other stakeholders in Community Schemes.

PURPOSE:

- To conduct training and education to Adjudicators, Conciliators, Executive Committees of Community Schemes and other stakeholders
- To provide consumer education on the rights and responsibilities of owners, occupiers and other stakeholders living in community schemes
- To create public awareness of the CSOS services in terms of its mandate

Strategic Objective	Key Performance Indicators	Actual - Unaudited	Actual – Audited	Planned Targets	Planned Targets	Medium-Term Targets	
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Provide stakeholder training, consumer education and awareness for property owners, occupiers and other stakeholders in Community Schemes				New Indicator	Development and accreditation of Curriculum for Schemes Executive 1 Training and education sessions for stakeholders with 30 stakeholders trained (Schemes Executives, Conciliators and Adjudicators)	4 Training and education sessions for Schemes Executives Develop Curriculum for the owners and occupiers	4 Training and education sessions for Schemes Executives 4 Training sessions for Owners and occupiers
	Number of stakeholder e-newsletter publications		New Indicator	Three (3) stakeholder e-newsletter publications	Four (4) stakeholder e-newsletter publications	Four (4) stakeholder e-newsletter publications	Four (4) stakeholder e-newsletter publications
	Report on consumer reach of awareness campaigns				Three (3) consumer awareness campaigns with 4 activations	Three (3) consumer awareness campaigns with 4 activations	Three (3) consumer awareness campaigns with 4 activations
	Number of stakeholder engagement campaigns		Activity not yet commenced	Twelve (12) Stakeholder engagement events	Twelve (12) Stakeholder engagement events	Twelve (12) Stakeholder engagement events	Twelve (12) Stakeholder engagement events

Table 10: Strategic Objectives Annual targets – SO4

SUB-PROGRAMME: ADMINISTRATION

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4 th
Education and Training	Quarterly		Develop training material	Develop training material	Accreditation of curriculum	1 Training and education sessions for stakeholders with 30 stakeholders trained.
Report on consumer reach of awareness campaigns	Quarterly	Three (3) consumer awareness campaigns with 4 activations	One (1) bulk messaging campaign activation, One (1) radio live read campaign activation; One (1) online campaign	One (1) bulk messaging campaign activation, One (1) radio live read campaign activation; One (1) online campaign	One (1) bulk messaging campaign activation, One (1) radio live read campaign activation; One (1) online campaign	One (1) bulk messaging campaign activation, One (1) radio live read campaign activation; One (1) online campaign
Production of CSOS stakeholder newsletter	Quarterly	Three (3) stakeholder e-newsletter publications	One (1) stakeholder e-newsletter publications	One (1) stakeholder e-newsletter publications	One (1) stakeholder e-newsletter publications	One (1) stakeholder e-newsletter publications
Number of stakeholder engagement campaigns	Quarterly	12 Stakeholder engagement events	3 Stakeholder engagement events	3 Stakeholder engagement events	3 Stakeholder engagement events	3 Stakeholder engagement events

Table 11: Strategic Objectives Quarterly Targets – SO4

STRATEGIC OBJECTIVE 5: Ensure that the CSOS is an effective and sustainable organisation

PURPOSE:

Finances and Sustainability

- To ensure that the CSOS is relevant, trusted and compliant with the use of public funds,
- Generates sufficient income through its funding models to ensure sustainability;
- To ensure that the provisioning of goods and services is done in a competitive, fair and transparent manner.
- To ensure the effective and efficient management of CSOS assets.

Facilities

- Ensure that the CSOS is accessible to the public at large nationally

- To maintain an adequate human capital capability to effectively execute the mandate of the CSOS.

Audit and Risk

- To assist the organisation accomplish its objectives by bringing a methodical; controlled approach to evaluate and improve the effectiveness of risk management, control and governance processes
- To provide for early identification of risks and management thereof.

ICT

- The management of computer based information systems and relating infrastructure.

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual Audited	Planned Targets	Planned Targets	Medium-Term Targets	
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Ensure that the CSOS is an effective and sustainable organisation	Number of functional facilities available and accessible to members of the public, to deliver the CSOS services	3 Provincial offices established (Gauteng, Kwa-Zulu Natal and Western Cape as Hub offices for all Provinces)	Review the adequacy of the existing operating model (policies, processes, and procedures)	Three (3) CSOS points of presence established	Three (3) CSOS points of presence established	Two (2) CSOS points of presence established	Two (2) CSOS points of presence established
	Partner with Entity to implement a Revenue Management System			New indicator	Implementation of Revenue Management System in partnership with an entity	Implementation of Revenue Management System in partnership with an entity	None
	% of uptime of ICT systems		New Indicator	Achieve 99% uptime of ICT systems	Achieve 99% uptime of ICT systems	Achieve 99% uptime of ICT systems	Achieve 99% uptime of ICT systems
	Developed and approved Revenue Management model	Development of the CSOS Funding model (including the DR Levy, Documentation Fee structure, and Service Fee)	Drafted and Board Approved Revenue Management Framework	Implemented Revenue Management Model in Collection arrangement	Implemented Revenue Management Model in Collection	Review the Revenue Management Model	Review the Revenue Management Model

Table 12: Strategic Objectives Annual targets – SO5

Key Performance Indicators	Reporting period	Annual Target	Quarterly Targets			
			1st	2nd	3rd	4th
Number of functional facilities available and accessible to members of the public	Quarterly	Establish viable CSOS points of presence in 2 provinces	No activity in this quarter	No activity in this quarter	Establish 1 visible CSOS point of presence in a province	Establish 1 visible CSOS point of presence in a province
Partner with Entity to implement a Revenue Management System	Quarterly	Implementation of Revenue Management System in partnership with an entity	Finalise Implementation protocol between the entities	Technical scoping for the system and proof of concept	System Implementation	System Implementation
% of uptime of ICT systems	Quarterly	Achieve 99% uptime of ICT systems	Achieve 99% uptime of ICT systems	Achieve 99% uptime of ICT systems	Achieve 99% uptime of ICT systems	Achieve 99% uptime of ICT systems
Implemented Revenue Management Model in Collection arrangement	Quarterly	Implemented Revenue Management Model in Collection arrangement	R 50 000 000 Collected as CSOS Levy Income	R 50 000 000 Collected as CSOS Levy Income	R 50 000 000 Collected as CSOS Levy Income	R 50 000 000 Collected as CSOS Levy Income

Table 13: Quarterly Target Information SO5

PART C: LINKS TO OTHER PLANS

5 CSOS Links to other plans

The CSOS does not link directly to any housing delivery plans. However, for purposes of delivering its own services, a number of capitalizable items are required. These are summarised in their classification below.

CAPITAL GOODS	Audited Actuals	APPROVED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2016/17	2017/18	2018/19	2018/19	2019/20	2020/21
Furniture and Fittings (incl. Leasehold improvements)	31,204,000	2,200,000	4,000,000	4,000,000	4,220,000	4,452,100
Computer Equipment	1,200,000	600,000	5,000,000	5,000,000	5,275,000	5,565,125
Office Machinery and Equipment	3,197,000	0	2,000,000	2,000,000	2,110,000	2,226,050
Computer Software	3,059,000	1,200,000	13,000,000	13,000,000	13,715,000	14,469,325
Motor Vehicles	0	0	1,500,000	1,500,000	1,582,500	1,669,538

Table 14: CSOS Link to other plans

6 ANNEXURES

6.1 ANNEXURE A: Planning Context

6.1.1 Mandate

Purpose of the CSOS Act

The Purpose of the CSOS Act is to provide:

- (a) The establishment of the CSOS
- (b) The functions, operations and governance of the CSOS; and
- (c) A dispute resolution mechanism in community schemes.

Establishment of CSOS

- (a) Section 3 (1) of the CSOS Act states “*there is hereby established a juristic person to be known as the Community Schemes Ombud Service*”;
- (b) Section 3 (2) of the Act states that the CSOS *operates as a national public entity listed in terms of the Public Finance Management Act (PFMA) with its executive authority vested in the Minister*;
- (c) Section 3 (3) states that the CSOS *must establish a national head office and, where necessary, Provincial offices*; and
- (d) Section 3(4) states that *the provisions of the PFMA apply to CSOS*.

Functions of CSOS

Section 4 (1) provides that the CSOS must:

- (a) *Develop and provide a dispute resolution service in terms of the CSOS Act;*
- (b) *Provide training for conciliators, adjudicators and other employees of the CSOS;*
- (c) *Regulate, monitor and control the quality of schemes governance; and*
- (d) *Take custody of, preserve and provide public access electronically or by other means to the scheme governance documentation.*

Section 4 (2) provides that in performing its functions the CSOS:

- (a) *Must promote good governance of community schemes;*
- (b) *Must provide education, information, documentation and such services as may be required to raise awareness to owners, occupiers, executive committees and other persons or entities who have rights and obligations in community schemes, as regards those rights and obligations;*

(c) May generally, deal with any such matters as may be necessary to give effect to the objectives of this Act.

6.1.2 Vision

A reliable, transparent and recognised regulatory authority for community schemes in South Africa

6.1.3 Mission

To regulate community schemes to ensure good governance by providing education and training to all relevant stakeholders and an accessible dispute resolution service

6.1.4 Strategic intent

To enhance vibrant community schemes as an alternative tenure option for most citizens within South Africa.

6.1.5 Values

- Service Excellence: The CSOS will provide the best dispute resolution services to its clients in a timely and responsive manner.
- Independence: The CSOS will act independently and objectively in the undertaking of its activities.
- Transparency: The CSOS will execute its functions in an open and transparent manner and ensures that it is easily accessible to its clients.
- Integrity: The CSOS will strive to execute its functions in an honest, ethical, transparent and reliable manner.
- Innovation: The CSOS will strive to apply innovative capabilities to improve its service delivery.
- Fairness: The CSOS will make decisions in a fair and impartial manner.

7 CSOS Strategic Objectives



Figure 8: CSOS Strategic Objectives

PROGRAMME	STRATEGIC OBJECTIVES
Administration	<ul style="list-style-type: none"> • Ensure that CSOS is an effective and sustainable organisation (SO5)
Regulation	<ul style="list-style-type: none"> • Regulate all Community Schemes within South Africa (SO1) • Regulate, Control and provide quality assurance of Community Schemes Governance Documentation (SO2) • Provide a Dispute Resolution service for Community Schemes (SO3)
Education and Training	<ul style="list-style-type: none"> • Provide stakeholder training, consumer education and awareness for property owners, occupiers and other stakeholders in Community Schemes (SO4)

Table 15: Budget Programmes

7.1 Strategic Outcome Oriented Goals and Strategic Focus

Strategic Focus	Community Schemes Industry Regulation
Strategic Goal 1	To regulate 120 000 community schemes registered with the CSOS by 2019
Strategic Focus	Dispute Resolution Services
Strategic Goal 2	To resolve all disputes lodged with the CSOS
Strategic Focus	Governance and Compliance
Strategic Goal 3	To ensure compliance and adherence to CSOS Act by all community schemes registered with the CSOS
Strategic Focus	Stakeholder Training and Education
Strategic Goal 4	To reach maximum stakeholders and occupiers raising awareness of community schemes
Strategic Focus	Organisational effectiveness and Sustainability
Strategic Goal 5	To self-sustain by 2019 through the CSOS levies income and other income streams

7.2 ANNEXURE B: Technical Indicators

SO1: Regulate all Community Schemes in South Africa

Indicator title	Schemes Registration
Short definition	Register community schemes and their managing agents in the CSOS database
Purpose/ Importance	The CSOS is required to register all community schemes in South Africa, and have a database of their records and their managing agents
Source / collection of data	Database Report
Method of calculation	Count number of community schemes registered in the database
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	30 000 community schemes and their managing agents registered in the database
Indicator responsibility	Adjudicator and Governance business unit

SO2: Control and provide quality assurance of Community Schemes Governance Documentation

Indicator title	Schemes Governance Documentation
Short definition	Take control of new and existing Community Schemes governance documentation and ensure compliance thereof
Purpose/ Importance	The CSOS Act requires that all the Community Schemes' governance be in the custody of the CSOS
Source / collection of data	Check records/reports/return reports from the Adjudicator General's office, and count of scheme documents, that are captured fully.
Method of calculation	Count number of schemes documentation captured in the database.
Data limitations	Output
Type of indicator	Cumulative – for the year
Calculation type	Quarterly
Reporting cycle	No
New indicator	No
Desired performance	1 500 Schemes Governance documents quality assured.
Indicator responsibility	Adjudicator and Governance business unit

Indicator title	Certification of schemes
Short definition	Certify all schemes that have been registered on the CSOS database and documents quality assured.
Purpose/ Importance	The CSOS Act requires that all the Community Schemes' be registered and certified once its governance documentation has been quality assured
Source / collection of data	Check records/reports/return reports from the Adjudicator General's office, and count of the number of certificates that have been issued to schemes
Method of calculation	Count number of certificates issued to schemes
Data limitations	Output
Type of indicator	Cumulative – for the year
Calculation type	Quarterly
Reporting cycle	No
New indicator	No
Desired performance	1 500 Certificates issued for community schemes governance documentation that have been quality assured
Indicator responsibility	Adjudicator and Governance business unit

SO3: Provide a dispute resolution service for Community Schemes

Indicator title	Dispute Resolution
Short definition	Percentage of disputes resolved
Purpose/ Importance	The dispute resolution avenue of conciliation then adjudication is the most amicable and for that reason the CSOS shall endeavour to resolve the majority of disputes through that channel so as to maximize harmony and promote peaceful coexistence in community schemes
Source / collection of data	Case Resolution Reports
Method of calculation	Approved EXCO reports on the cases resolved. Count number of cases settled in the records
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	70% of Disputes received resolved.
Indicator responsibility	Adjudicator and Governance business unit

SO4: Provide stakeholder training, consumer education and awareness for property owners, occupiers and other stakeholders in Community Schemes

Indicator title	Public Outreach
Short definition	Conduct stakeholder Training and Education
Purpose/ Importance	The CSOS is required to train stakeholders as part of ensuring optimal communal living. These stakeholders include Adjudicators and Conciliators
Source / collection of data	Number of Stakeholders trained
Method of calculation	Count number of stakeholders that attended training sessions
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Development and accreditation of Curriculum for Schemes Executive 1 Training and education sessions for stakeholders with 30 stakeholders trained (Schemes Executives, Conciliators and Adjudicators)
Indicator responsibility	Adjudicator and Governance business unit

Indicator title	Public Outreach
Short definition	Conduct consumer awareness campaigns and stakeholder activations and publish stakeholder e-newsletters
Purpose/ Importance	The CSOS is required to educate the public about the opportunity of living in community schemes, the rights and responsibilities of shared communal living, and the functions and role that the CSOS plays in harmonizing that human settlements sector
Source / collection of data	Number of campaigns
Method of calculation	Count number of consumer awareness initiatives
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	Three (3) consumer awareness campaigns with 4 activations Twelve (12) Stakeholder engagement events Four (4) stakeholder e-newsletter publications
Indicator responsibility	Marketing and Communications business unit

SO5: Ensure that the CSOS is an effective and sustainable organisation

Indicator title	Policy Reviews
Short definition	Review the adequacy of the existing operating model (policies, processes, and procedures)
Purpose/ Importance	To ensure that the CSOS is an effective and efficient organisation
Source / collection of data	The report will be collected from the CEO's office
Method of calculation	Report and Resolution from the EXCO confirming the adequacy of the policies for the organisation phase.
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year (Non-Financial)
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Adequacy report from EXCO, including a Service Charter
Indicator responsibility	Chief Ombud

Indicator title	Financial Stability
Short definition	Implement Revenue Management model in collection arrangement
Purpose/ Importance	To ensure that the CSOS can self-sustain by generating its own revenue through the services offered and collection of CSOS levy
Source / collection of data	The report will be generated from finance system and bank statements
Method of calculation	Cumulative collection of CSOS levy reported from Bank Statements for the specified quarter
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	R200 000 000 collected as CSOS levy income
Indicator responsibility	Chief Financial Officer

Indicator title	Dispute Resolution
Short definition	Percentage of uptime recorded for critical ICT systems
Purpose/ Importance	To ensure maximum availability to CSOS resources and applications both internally and externally to our stakeholders for ultimate efficiency and effectiveness
Source / collection of data	Uptime Reports
Method of calculation	Approved EXCO ICT reports on systems uptime
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	99% uptime of ICT systems.
Indicator responsibility	Information Communications Technology Business Unit

8 ANNEXURE C: Budget Information

Introduction

The CSOS was able to achieve critical milestones in the path to full operational well-being in that the CSOS/STSM Act Regulations were promulgated and the CSOS Act, as well as the STSM Act, were both proclaimed and signed by the State President. These were subsequently published in the Government Gazette meaning:

- The collection of the levy would legally commence 3 months from the date of publication;
- The registration of schemes would commence 30 days from the date of publication;
- The filing of schemes documentation would commence 3 months from the date of publication.

The operational support from the DoHS was evident and critical towards achieving the above mentions milestones.

The grace periods spoken of above have come and gone and the CSOS is now fully legislated to offer all its services and collect the CSOS levy for the purpose of financial stability.

The operationalisation of this entity is favourably welcomed by the industry at large and this is evident to the influx of questions, cases, curiosity and comments received from the public and industry since the proclamation of the Acts and subsequently the publication of the regulations. This has allowed the CSOS to strategize future operations and core mandate programs not only on the guaranteed government grant but also CSOS levy collections and other additionally planned streams of income.

The CSOS has prioritised the state of operational effectiveness of the entity and the below financials are taking into account the recent realities of the ability to add additional income streams to the books of the organisation as well as kick off the execution of core projects and also resume any programs that were halted by the austerity measures that were previously imposed, the CSOS sees itself operating in full gear in executing its core mandate and meeting its strategic objectives.

Income Statement	Audited Actuals	APPROVED BUDGET	APPROVED BUDGET						MTEF ESTIMATES	
	2016/117	2017/18	2018/19	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	2019/20	2020/21
	25,468,000	125,826,000	240,335,000	60,083,750	60,083,750	60,083,750	60,083,750	240,335,000	253,584,650	267,696,041
Government Grant	23,920,000	23,300,000	31,105,000	7,776,250	7,776,250	7,776,250	7,776,250	31,105,000	32,847,000	34,817,820
CSOS Levy Income	0	96,100,000	200,000,000	50,000,000	50,000,000	50,000,000	50,000,000	200,000,000	211,000,000	222,605,000
CSOS Dispute Resolution Service Fees	0	50,000	180,000	45,000	45,000	45,000	45,000	180,000	189,900	200,345
CSOS Documentation Fees	0		0	-	-	-	-	-		
CSOS Service Fees	0	0	0	-	-	-	-	-	0	0
Interest Income	1,548,000	5,976,000	9,000,000	2,250,000	2,250,000	2,250,000	2,250,000	9,000,000	9,495,000	10,017,225
Budget Commitments from Prior Year		0	0	-	-	-	-	-	0	0
Other Income	0	400,000	50,000	12,500	12,500	12,500	12,500	50,000	52,750	55,651
Operating Expenses	40,059,000	115,826,000	202,835,000	50,708,750	50,708,750	50,708,750	50,708,750	202,835,000	214,022,150	225,957,603
Staff Costs	31,204,000	56,934,000	109,453,800	27,363,450	27,363,450	27,363,450	27,363,450	109,453,800	115,504,984	121,857,758
Operational costs	3,059,000	16,693,700	24,363,070	6,090,768	6,090,768	6,090,768	6,090,768	24,363,070	25,703,039	27,280,941
Marketing and Communications	989,000	4,550,000	6,105,000	1,526,250	1,526,250	1,526,250	1,526,250	6,105,000	6,440,775	6,795,018
Training and Education	410,000	1,500,000	4,950,000	1,237,500	1,237,500	1,237,500	1,237,500	4,950,000	5,222,250	5,509,474
Travelling and Accommodation	1,008,000	6,000,000	8,000,000	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000	8,440,000	8,904,200
Board expenses	1,200,000	2,300,000	3,210,000	802,500	802,500	802,500	802,500	3,210,000	3,386,550	3,572,810
Facilities and infrastructure	2,189,000	17,800,000	29,260,000	7,315,000	7,315,000	7,315,000	7,315,000	29,260,000	30,869,300	32,567,112
General and administration	0	10,048,300	17,493,130	4,373,283	4,373,283	4,373,283	4,373,283	17,493,130	18,455,252	19,470,291
Surplus / (Deficit) before Depreciation	(14,591,000)	10,000,000	37,500,000	9,375,000	9,375,000	9,375,000	9,375,000	37,500,000	39,562,500	41,738,438
Depreciation	0	6,000,000	12,000,000	3,000,000	3,000,000	3,000,000	3,000,000	12,000,000	12,660,000	13,356,300
Surplus / (Deficit) after Depreciation	(14,591,000)	4,000,000	25,500,000	6,375,000	6,375,000	6,375,000	6,375,000	25,500,000	26,902,500	28,382,138

The 2018/19 budget and targets are activated with the budget approved by national treasury via the ENE submission. This depicted a R 200 000 000.00 levy collection income for the current year which is projected to reach R 140 000 000 in the 2018/19 year from the baselines of collections in 2017/18. With the approval of this budget, the organisation will be able to recover from the backlog caused by the previous financial paralysis and execute its core mandate as depicted in Part B of this APP. The organisation will strive to collect more than the projected levy collection and is optimistic it can reach all collection targets.

BALANCE SHEET		Audited	Latest Estimates	AFFORDABLE BUDGET	MTEF ESTIMATES	
		2016/17	2017/18	2018/19	2019/20	2020/21
NON CURRENT ASSETS		5,094,000	6,963,000	9,567,400	10,466,130	11,451,402
	Property Plant and Equipment	4,520,000	6,328,000	8,859,200	9,745,120	10,719,632
	Intangible Assets	122,000	183,000	256,200	269,010	279,770
	Other Receivables - Rental Deposit	452,000	452,000	452,000	452,000	452,000
Current Assets		31,139,000	71,500,000	142,800,000	151,005,000	158,555,250
	Inventories	-	-	-	-	-
	Debtors	14,137,000	6,500,000	7,800,000	8,580,000	9,009,000
	Prepayments	112,000	-	-	-	-
	Cash and Cash Equivalents	16,890,000	65,000,000	135,000,000	142,425,000	149,546,250
TOTAL ASSETS		36,233,000	78,463,000	152,367,400	161,471,130	170,006,652
Non-current Liabilities		80,000	-	-	-	-
	Payables from Exchange	80,000	-	-	-	-
Current Liabilities		4,587,000	5,428,100	5,448,110	5,790,921	6,172,013
	Provision for leave	1,140,000	1,368,000	1,100,000	1,100,000	1,100,000
	Operating Lease Liability	770,000	580,000	520,000	480,000	440,000
	Payables	2,677,000	3,480,100	3,828,110	4,210,921	4,632,013
TOTAL LIABILITIES		4,667,000	5,428,100	5,448,110	5,790,921	6,172,013
	Accumulated Surplus / (Deficit)	31,566,000	73,034,900	146,919,290	155,680,209	163,834,639
TOTAL ACCUMULATED SURPLUS/(DEFICIT) AND LIABILITIES		36,233,000	78,463,000	152,367,400	161,471,130	170,006,652

CASH FLOW STATEMENT	AUDITED	Latest Estimates	AFFORDABLE	MTEF ESTIMATES	
	ACTUAL		BUDGET		
	2016/17	2017/18	2018/19	2019/20	2020/21
Cash Flows from Operating Activities					
Receipts	47,171,000	125,826,000	240,335,000	253,584,650	267,696,041
Government Grant	30,020,000	23,300,000	31,105,000	32,847,000	34,817,820
CSOS Levy Income	16,586,000	96,100,000	200,000,000	211,000,000	222,605,000
CSOS Dispute Resolution Service Fees	-	50,000	180,000	189,900	200,345
CSOS Documentation Fees	-	-	-	-	-
CSOS Service Fees	-	-	-	-	-
Interest Income	537,000	5,976,000	9,000,000	9,495,000	10,017,225
Other receipts	28,000	400,000	50,000	52,750	55,651
Working Capital movements	-	-	-	-	-
Inventories	-	-	-	-	-
Debtors	-	-	-	-	-
Payables	-	-	-	-	-
Payments	-40,366,000	-73,716,000	-144,835,000	-219,257,150	-232,192,653
Compensation of employees/Board	-28,413,000	-37,714,000	-89,453,800	-115,504,984	-121,857,758
Goods and Services - Payables	-11,953,000	-36,002,000	-55,381,200	-103,752,166	-110,334,895
Other Payments	-	-	-	-	-
Net Cash from Operating Activities	6,805,000	52,110,000	95,500,000	34,327,500	35,503,388
Cash Flows from Investing Activities	-314,000	-4,000,000	-25,500,000	-26,902,500	-28,382,138
PPE	-314,000	-2,800,000	-12,500,000	-13,187,500	-13,912,813
Intangible Assets	-	-1,200,000	-13,000,000	-13,715,000	-14,469,325
(Increase) / Decrease in other receivables	-	-	-	-	-
Net Cash from Investing Activities	-314,000	-4,000,000	-25,500,000	-26,902,500	-28,382,138
Cash Flows from Financing Activities	-	-	-	-	-
Movement in short-term borrowings	-	-	-	-	-
Net Increase / (Decrease) for the year	6,491,000	48,110,000	70,000,000	7,425,000	7,121,250
Cash and Cash Equivalents at beginning of the year	10,399,000	16,890,000	65,000,000	135,000,000	142,425,000
Cash and Cash Equivalents at the End of the Year	16,890,000	65,000,000	135,000,000	142,425,000	149,546,250

Revenue

The CSOS will continue to improve its operational standing after having been fully operational in the 2017/18 year and strives to further increase the collections projects year on year. Accordingly, the Income streams, of which the CSOS Levy Income is the largest, will be collectable in terms of the CSOS Act (section 22). The estimates of revenue thus include this estimate, which is planned to cover the operating expenses of the entity. Additional income streams (Documentation Fees and Service Fees) are planned but have not been projected as advised by the National Treasury. This will be estimated when the mid-term budget is revised.

Income Streams	Audited Actuals	APPROVED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2016/117	2017/18	2018/19	2018/19	2019/20	2020/21
	25,468,000	125,826,000	240,335,000.00	240,335,000	253,584,650	267,696,041
Government Grant	23,920,000	23,300,000	31,105,000	31,105,000	32,847,000	34,817,820
CSOS Levy Income	-	96,100,000	200,000,000	200,000,000	211,000,000	222,605,000
CSOS Dispute Resolution Service Fees	-	50,000	180,000	180,000	189,900	200,345
CSOS Documentation Fees	-	-	-	-	-	-
CSOS Service Fees	-	-	-	-	-	-
Interest Income	1,548,000	5,976,000	9,000,000	9,000,000	9,495,000	10,017,225
Budget Commitments from Prior Year	-	-	-	-	-	-
Other Income	0	400,000	50,000	50,000	52,750	55,651

OPERATING COSTS

OPERATING EXPENSES	Audited Actuals	APPROVED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2016/117	2017/18	2018/19	2019/20	2020/21
	40,059,000	115,826,000	202,835,000	214,022,150	225,957,603
Staff Costs	31,204,000	56,934,000	109,453,800	115,504,984	121,857,758
Operational costs	3,059,000	16,693,700	24,363,070	25,703,039	27,280,941
Marketing and Communications	989,000	4,550,000	6,105,000	6,440,775	6,795,018
Training and Education	410,000	1,500,000	4,950,000	5,222,250	5,509,474
Travelling and Accommodation	1,008,000	6,000,000	8,000,000	8,440,000	8,904,200
Board expenses	1,200,000	2,300,000	3,210,000	3,386,550	3,572,810
Facilities and infrastructure	2,189,000	17,800,000	29,260,000	30,869,300	32,567,112
General and administration	0	10,048,300	17,493,130	18,455,252	19,470,291

The budgeted operating costs of the CSOS for 2018/19 are shown in the table above.

This includes:

- **STAFF COSTS**

This consists of:

- The existing headcount complement is thirty-seven (37) permanent and one (1) temporary staff. A total of 9 employees have also been seconded by the National Department of Human Settlements 19 interns employed.
- Furthermore, there are critical positions identified which are to be prioritised and are accounted for in the Staff Costs.
- A few critical vacancies in the support environment. These include increasing capacity in the operational finance functions as the CSOS has entered the period of revenue management and other new functions.

- There is a provision for payment of salary increases for staff for the upcoming year as well as a provision for performance related remuneration.

It must be acknowledged that the DoHS has seconded nine (9) data capturers to assist the CSOS in its administrative duties including the registration and verification of schemes.

	2018/19 Budget	2019/20 Budget	2020/21 Budget
Staff Costs	109,453,800	115,504,984	122,021,993
Basic salaries - Funded & Filled Positions	100,374,400	105,926,217	111,916,394
Interns	1,379,400	1,455,267	1,535,307
Incentive Bonuses	4,015,000	4,235,825	4,468,795
Staff Welfare & HR projects	220,000	232,100	244,866
Recruitment costs	1,650,000	1,740,750	1,836,491
On-boarding and Induction	220,000	232,100	244,866
Employee Wellness Programmes	495,000	522,225	550,947
Training and Development	1,100,000	1,160,500	1,224,328

- **Operational costs**

Operational costs comprise the core functions of dispute resolution, community schemes database management and related activities, as well as the storage, management and retrieval of community schemes' governance documents. These activities should naturally consume the second largest expenditure after staff costs.

	2018/19 Budget	2019/20 Budget	2020/21 Budget
Operational expenses	24,363,070	25,703,039	27,116,706
Adjudication and Conciliation services	16,713,070	17,632,289	18,602,065
Stakeholder Education, Outreach and Training	1,650,000	1,740,750	1,836,491
Expansion costs (to other satellite offices)	6,000,000	6,330,000	6,678,150
Revenue Operations Services	-	-	-
Community Schemes database costs	-	-	-
Off-site schemes documentation storage / management	-	-	-
	-	-	-

- **Marketing and Communication expenses**

The marketing and communications functions has been earmarked as an important function of the CSOS, and more so now that the organisation is operational but still unknown to the general public, entailing the public consultation campaigns for the organisation. Brand promotion and management costs for the entity are also included in this category. Furthermore, the production of the mandatory annual report is this cost category.

	2018/19 Budget	2019/20 Budget	2020/21 Budget
Marketing and Communications	6,105,000	6,440,775	6,795,018
Marketing	4,400,000	4,642,000	4,897,310
Promotional materials	1,155,000	1,218,525	1,285,544
Registration Certificates Design	550,000	580,250	612,164
Communication	-	-	-

- **Stakeholder Training and Consumer Education**

The education of stakeholders, including reaching the affordable and subsidy housing market community schemes, is a core function of the CSOS and a key contribution to the current MTEF for the Department. The CSOS intends to roll out extensive programmes in this areas during the coming planning period. The scope, the speed of roll out and reach of these programmes will be limited only by budget availability.

	2018/19 Budget	2019/20 Budget	2020/21 Budget
Stakeholder Training and Consumer Education	4,950,000	5,222,250	5,509,474
Dispute resolution training	1,650,000	1,740,750	1,836,491
Consumer awareness	1,650,000	1,740,750	1,836,491
Stakeholder Workshops and Conferences	1,650,000	1,740,750	1,836,491

- **Travelling and Accommodation**

All efforts are made to limit the travelling and accommodation expenses by using alternative means, including the use of technologies like teleconferencing and video-linking during the planning periods. However, there is always the unavoidable physical travelling between the entity's staff in the regions (KwaZulu-Natal and Western Cape) and head office (Johannesburg), as well as between the CSOS Executives and the Executive Authority programmes like out-of-town quarterly reviews, Technical MINMECs, portfolio committees, and other parliamentary presentations. Furthermore, the current "hub-and-spoke" model (Provincial offices servicing other adjacent regions) necessarily entails a fair amount of periodic travelling and accommodation. Finally, the Board travelling is also catered for in this expense category.

	2018/19 Budget	2019/20 Budget	2020/21 Budget
Travelling and Accommodation	8,000,000	8,440,000	8,904,200

Travel - Staff	2,200,000	2,321,000	2,448,655
Travel to provincial offices - site inspections	550,000	580,250	612,164
Accommodation	1,320,000	1,392,600	1,469,193
Staff Training Travel	330,000	348,150	367,298
Stakeholder engagement travel	550,000	580,250	612,164
Accounting Authority/Strategy Planning/ Monitoring	550,000	580,250	612,164
International / functional travel	2,500,000	2,637,500	2,782,563

- **Board expenses**

Board expenses are budgeted per the National Treasury guidelines. This category includes only the external members', emoluments and capacitation programmes for members of the board.

	2018/19 Budget	2019/20 Budget	2020/21 Budget
Board Expenses (Non-Executive Directors only)	3,210,000	3,386,550	3,572,810
Fees (Board and Committees)	1,650,000	1,740,750	1,836,491
Travelling and Accommodation	770,000	812,350	857,029
Training	440,000	464,200	489,731
Evaluation	200,000	211,000	222,605
Induction	100,000	105,500	111,303
Other (debriefs, farewells, enquiries)	50,000	52,750	55,651

- **Facilities and Infrastructure costs**

This category includes those primary expenses required to establish and maintain the existing offices. Included are the rental for offices, the fitting and furnishing of furniture (non-asset portions), the leasing of some assets (like office equipment), annual licenses for IT resources, and ICT support services (non-capital). The intention is to make the CSOS as accessible as possible to the members of the public, with the initial focus being on the localities of high concentration of community schemes.

	2018/19 Budget	2019/20 Budget	2020/21 Budget
Facilities and Infrastructure expenses	29,260,000	30,869,300	32,567,112
Facilities rental and utilities	4,950,000	5,222,250	5,509,474
Office equipment leases	330,000	348,150	367,298
New Lease Rental	7,540,000	7,954,700	8,392,209
Office Design	550,000	580,250	612,164
Motor vehicle leases	-	-	-
Furniture Rental	330,000	348,150	367,298
ICT Projects	6,600,000	6,963,000	7,345,965
IT Licenses (annual renewal of ERP)	5,000,000	5,275,000	5,565,125
ICT support services	3,960,000	4,177,800	4,407,579

- **General and Administration expenses**

This expense category includes costs that are necessary to maintain a functional and habitable office, achieve compliance, and maintain an effective operation.

	2018/19 Budget	2019/20 Budget	2020/21 Budget
General and Admin expenses	17,493,130	18,455,252	19,470,291
Office supplies and expenses	990,000	1,044,450	1,101,895
Administration fees	440,000	464,200	489,731
Advertising	1,868,130	1,970,877	2,079,275
Printing and Stationery	1,870,000	1,972,850	2,081,357
Insurance (WCA - IOD)	110,000	116,050	122,433
Insurance (Professional Indemnity & Assets)	495,000	522,225	550,947
External Audit	3,000,000	3,165,000	3,339,075
Bank Charges	200,000	211,000	222,605
Telephone and postage	165,000	174,075	183,649
Professional and Consulting Fees	1,650,000	1,740,750	1,836,491
Subscriptions and membership	5,000,000	5,275,000	5,565,125
Legal fees and litigation	55,000	58,025	61,216