



Affordable Reliable Justice

(CSOS)

ANNUAL PERFORMANCE PLAN

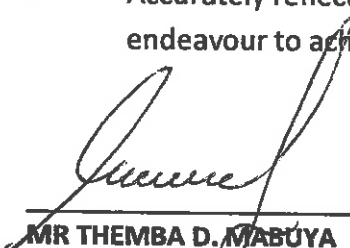
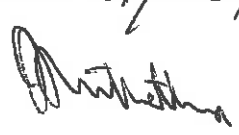
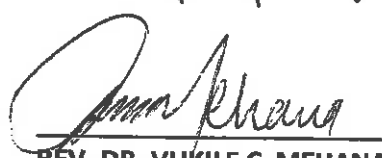
2016/2017

FEBRUARY 2016

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 Department of Human Settlements
- Was prepared in line with the Strategic Plan of the Community Schemes Ombud Service (as Revised in February 2015)
- Accurately reflects the performance targets which the Community Schemes Ombud Service will endeavour to achieve given the resources made available in the budget for 2016/17.


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MINISTER FOR 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 2016/17 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 million housing opportunities in quality living environments by 2019 are realised through the various human settlements housing programmes.

After a lot of hard research and planning work by the Ministry of Human Settlements that culminated in the appointment of first CSOS Board and the recruitment of the Executive management, the CSOS embarked on a very firm path of set-up and operational readiness during 2014/15 financial year. A fully functional head office was established, and regional offices were set-up in three (3) provinces, namely Gauteng, KwaZulu Natal, and Western Cape. These regional offices were envisioned as operational "hubs", able to service the adjacent provinces in a manner that will provide effective accessibility of the CSOS services to community schemes nationally. The successes achieved in these initial stages were carried into the 2015/16 financial year, with effective dispute resolution activities being carried out, albeit limited to conciliation services only (no adjudication services).

There were also difficult challenges faced by the entity during 2015/16, mainly related to the activities that necessarily have to be conducted in order to complete the legislative process of Regulations approval and proclamation of the CSOS Act by the President. The original estimate for the Proclamation was the first quarter of the 2015/16 financial year. However, that target date was not met due to various process and logistical challenges that came to the fore along the way. The primary effect of these delays is that the CSOS is unable to fully operate in the dispute resolution arena, hence the limitation of current service to conciliation services for instance. The secondary effect of the delay is that the CSOS was unable to raise own funding to finance the critical programmes that the entity is tasked with delivering. The latter effect has not only resulted in the entity having to revise its current targets and associated budgets, but also having to revise the future targets and budgets that were included in the original Five Year Strategic Plan 2014/15 – 2018/19. The baselines and plans have moved so significantly away from "actuals" that a material revision of the Five Year Strategic Plan over the remainder of this MTEF was virtually unavoidable. This APP and all future plans have accordingly been re-based.

As we present this re-based Annual Performance Plan for 2016/17 to the Ministry, it is with renewed hope and confidence that the legislative process will unfold without any undue delays, thus enabling the CSOS to open its

doors to the eager public during 2016/17. During the public consultation process conducted between October and November 2015, the urgent and massive demand for the CSOS services in the community schemes was established beyond any doubt. With the benefit of hindsight, the challenges experienced during 2015/16 have prepared the entity well to remain alert, vigilant and flexible in its operational planning. The CSOS has also developed a fair amount of experience in the dispute resolution space over the 2015/16 period, and this will stand it in good stead to swiftly move into full operation when the legislative processes are completed and the entity can extend to adjudication work as well.

There are no changes made to the mandate of the CSOS, so the focus in 2016/17 remains firmly on contributing meaningfully to the MTEF targets of the Department in the following areas:

- 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 to Adjudicators and Conciliators, as well as other stakeholders with interests in Community Schemes;
- Improving governance documentation in community schemes to promote acceptability and compliance by those who live in them;
- 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 Chief Ombudsman 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 Situational Analysis

Communal living within a community scheme triggers conceptually a tripartite relationship between the parties, namely an owner's right of ownership to the sectional unit or residential unit, collective ownership of the common property and an owner's right to participate in the management of the community scheme's governance. This tripartite relationship commonly gives rise to disputes between the parties as it involves co-ownership and co-governance within the community schemes. Community schemes often have their own dispute resolution processes and mechanisms documented in their governance documentation which is usually applied within their governance structures. While many of these internal dispute resolution processes are highly effective, there are still a significant number of cases where the complaints remain unresolved, or one of the aggrieved parties is still not satisfied that their rights/interests are adequately provided for and protected. Until recently, there has been no affordable and effective dispute resolution mechanism to address those cases. The existing dispute resolution mechanism prescribed by Rule 71 of the Sectional Titles Act, 1986 is inadequate and unaffordable as it provides for arbitration proceedings and adjudication by the High Court. The establishment of the Community Schemes Ombud Service (CSOS) through the CSOS Act is intended to, amongst others, provide that affordable and effective dispute resolution mechanism within community schemes.

The environment within which CSOS will operate is complex, involving technical requirements, legal processes and procedures to be complied with in developing various types of community schemes, i.e. sectional title schemes, home-owners associations, share-block companies and housing schemes for retired persons. Given the complex legal compliance regimes, there is an acute lack of understanding of rights and responsibilities by owners and occupiers within community schemes. The education of owners and/or residents on the rights and responsibilities of community schemes living is thus another critical function within the CSOS mandate to deliver. Furthermore, there is currently no comprehensive database on community schemes in South Africa, and thus no record of their governance documentation and their management agents. Considering the established fact that South Africa has the fourth highest concentration of community schemes in the world, as well as the size of the population currently living in community schemes in the country, this is a huge informational and regulatory "black hole" for the government. In order to address this matter, the CSOS thus carries in its mandate the following objectives:

- Taking custody of governance documentation and establishing a central 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 immediate task of the CSOS therefore is to develop and implement an appropriate institutional framework, appropriate systems, controls and measures to deliver on its mandate given the environment.

1.1 Performance Environment

1.1.1 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 before Parliament as is required in terms of the PFMA, and by 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.

1.1.2 The Economic Environment

CSOS Dispute Resolution Model in Figure 1 shall be implemented in a manner that caters for complainants 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 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 to good corporate governance principles. The principle of fairness, without favour, shall be applied to all parties cited in the dispute.

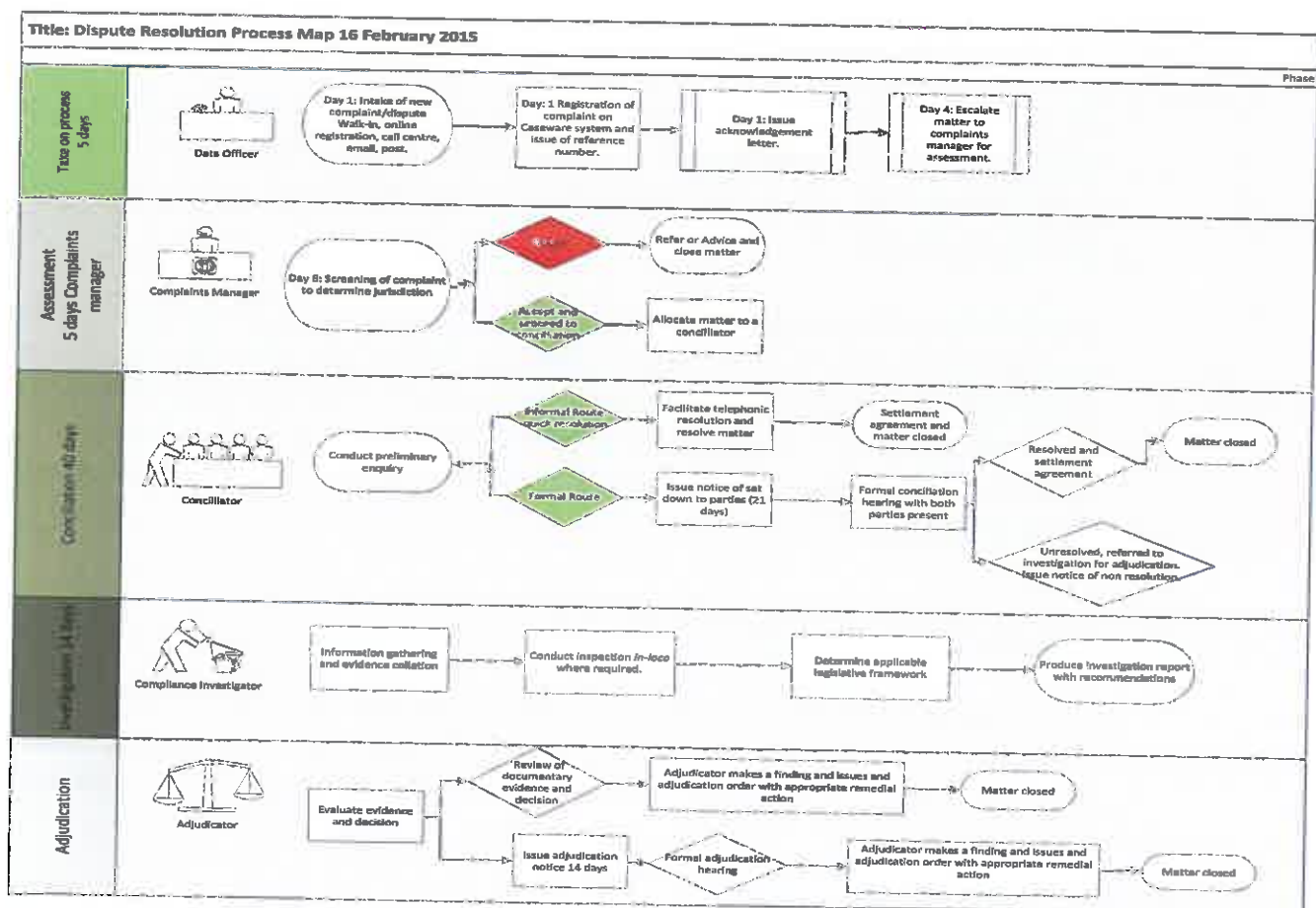


Figure 1: CSOS Dispute Resolution Model

1.1.3 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.

1.1.4 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 ERP 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 utilized by the entity when performing its mandate. CSOS information technology (IT) will be compatible to public and private sector entities' IT systems that it will be interacting with in implementing its mandate. The existing IT of the modern world can therefore be used by the CSOS as a planning and a service delivery enabler.

1.1.5 CSOS Operating in a Generally Complex Environment

It is acknowledged that CSOS is venturing in a highly complex environment, in that it is expected to deal with highly experienced and exposed community schemes when conciliating, investigating and adjudicating, as well as conducting its education and training programmes in the public space.

1.2 Organisational Environment

1.2.1 The CSOS Board of Directors

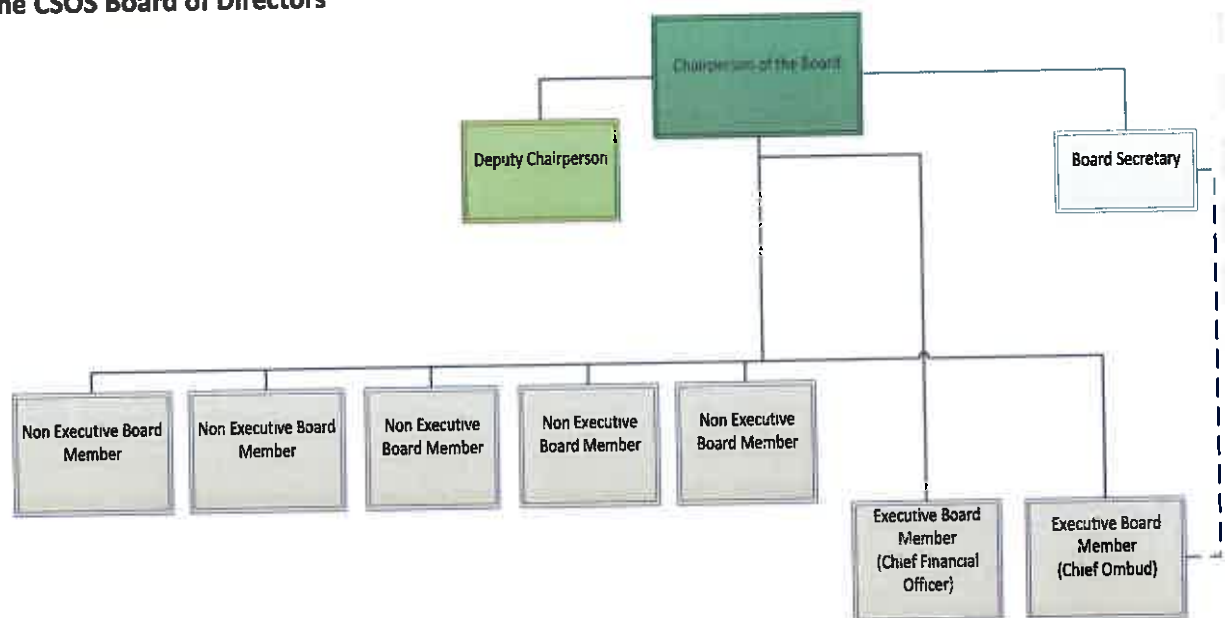


Figure 2: CSOS Board structure

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, 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 co-ordinate 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.

1.2.2 CSOS Board Committees

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

- Remuneration and Human Resources Committee;
- Audit, Risk and Finance Compliance Committee;
- Adjudication and Governance Committee; and
- Regulation Registration and Levies 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.

1.2.3 Human Resources and Remuneration Committee

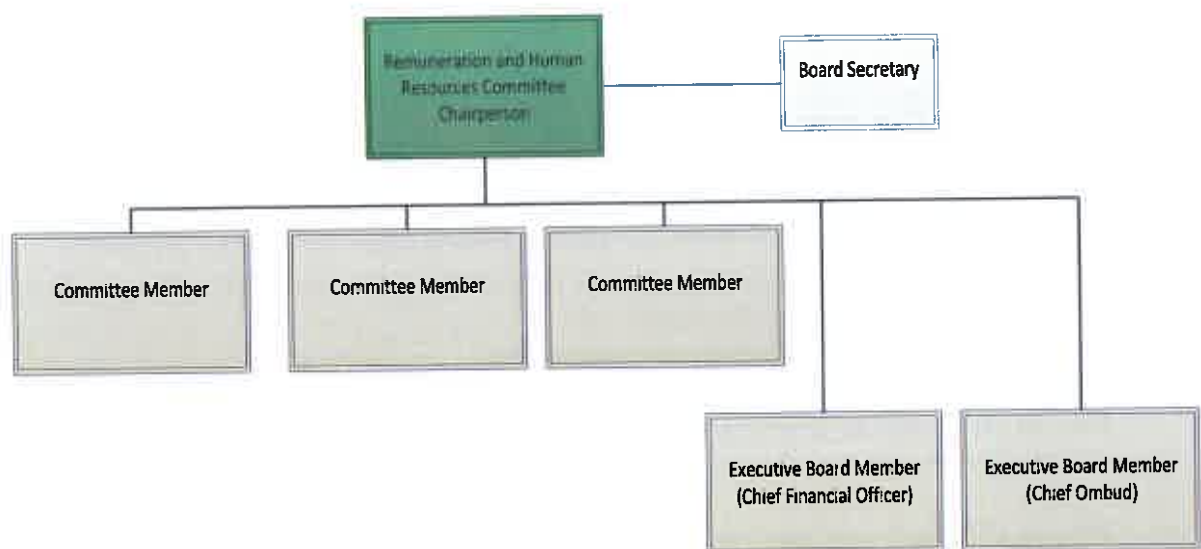


Figure 3: Remuneration and Human Resources Committee

The Functions of the 1.2.2 Human Resources and Remuneration and Human Resources 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.

1.2.4 Audit, Risk and Finance Committee

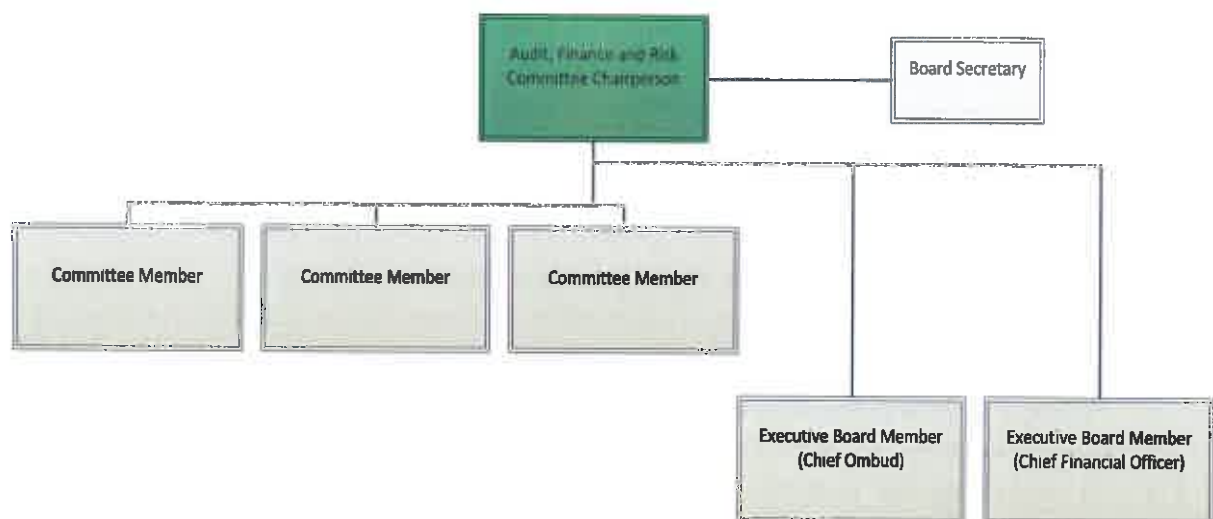


Figure 4: Audit, Risk and Finance Committee (Audit Committee)

Functions of the Audit 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 audit plan, risk management plan and fraud prevention plan.

Adjudication and Governance

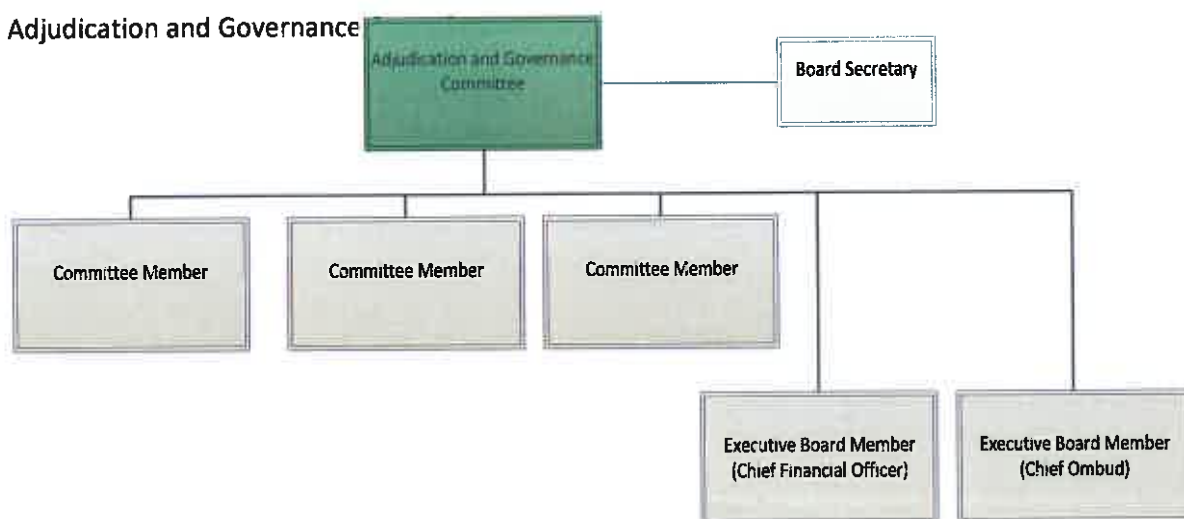


Figure 5: CSOS Adjudication and Governance Committee

Functions of the Adjudication and Governance 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 co-ordinate the provisioning of general legal advice and contract management and administration.

1.2.5 CSOS Levies, Regulation and Registration Committee

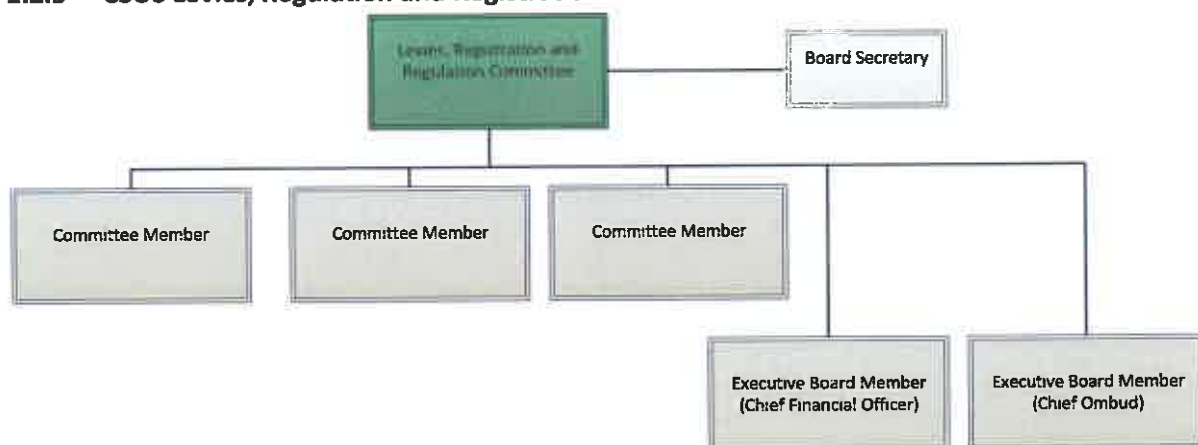


Figure 6: CSOS Levies, Regulation and Registration Committee

Functions of the CSOS Regulations, Registrations and Levies Committee are:

- To establish a system for the development, review, implementation and monitoring of Community Scheme Regulations; and
- To establish a framework for the registration of Community Schemes.

1.2.6 CSOS Executive Management Committee (EXCO)

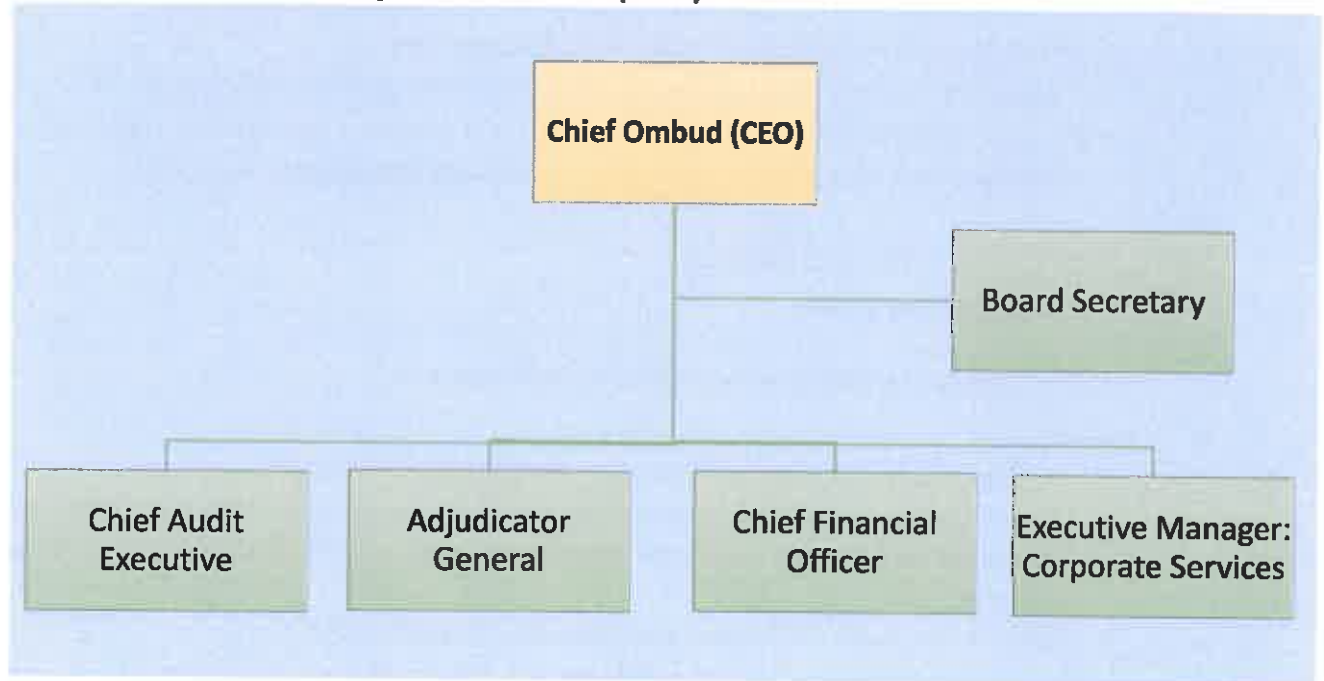


Figure 7: CSOS Executive Management Committee (EXCO)

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, co-ordinate, 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 organisation's 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 (reference to **Figure 7** above) and present organizational reporting to the Board including attending to State matters as per the Board's Delegation of Authority.

1.2.7 CSOS Functional Divisions and Units

1.2.7.1. 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 terms 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.

1.2.7.2. Adjudication and governance services

The Purpose and Functions of the Adjudication/Governance Services and Regional Ombud offices 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; and
- To co-ordinate the provisioning of general legal advice and contract management and administration.

The Regional Ombud will perform the following tasks:

- Operate in line with the CSOS overall strategic thrusts and programmes;

- Operate with necessary budget – with timely prepared and submitted operational plans for each Regional 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; and
- Regularly participates in EXCO activities and those of the Board Committees as and when necessary to do so.

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

1.2.7.3. 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.

1.2.7.4. 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

- IT and ICT functional management
- Facilities functional management

2. Revisions to legislative and other mandates

There have been no significant changes to the CSOS legislation and other mandates. CSOS is in the process of completing the legislative process of the Regulations for the CSOS Act and the Sectional Titles Schemes Management Act. It is expected that the Regulations pertaining to both Acts will be tabled in parliament, and the full approval process concluded during the first quarter of 2016/17 financial year.

3. Overview of the 2016/17 budget and MTEF estimates

3.1. Expenditure estimates by Programme

EXPENSES BY PROGRAMME	ACTUAL	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
Administration	R 10 625 000	R 41 001 051	R 71 202 929	R 38 557 702	R 24 757 702	R 26 374 580	R 28 044 233
Regulation	R 0	R 13 336 000	R 8 202 750	R 0	R 0	R 3 141 979	R 3 455 427
Education and Training	R 0	R 3 767 169	R 4 040 461	R 1 200 000	R 0	R 1 000 000	R 1 000 000

Table 1: Programme expenditure split

The bulk of the Administration allocation is made up of staff costs.

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

Income Sources	Actual / Audited	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
	41 034 000	70 261 220	83 446 140	39 757 702	24 757 702	30 516 559	32 499 659
Government Grant	40 000 000	39 521 000	23 920 000	23 920 000	23 920 000	29 430 000	31 105 000
CSOS Levy Income			57 777 706		0	0	0
CSOS Documentation Fees			25 000		0	0	0
CSOS Service Fees			20 000		0	0	0
Interest Income	1 018 000	1 407 220	1 703 434	837 702	837 702	1 116 559	1 354 659
Budget Commitments from Prior Year		28 993 000					
Other Income	16 000	340 000		15 000 000			

Table 2: CSOS Revenue estimates

3.3. Expenditure trends related to strategic outcomes

The 2016/17 expenditure splits per the CSOS strategic objectives are shown below:

SO1: Provide a Dispute Resolution service for Community Schemes in South Africa:	R0
SO2: Take custody and control of Community Schemes' governance documentation:	R0
SO3: Ensure that the CSOS is an efficient, effective and sustainable organisation:	R24 757 702
SO4: Promote good governance in Sectional Titles and other Community Schemes:	R0
SO5: Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa:	R0

What has changed in this space is the source of funding the total expenditure. The funding mix has been reviewed and amended to reflect the reality of the CSOS stage of development.

Firstly, the budgeted income that was initially anticipated did not materialise during 2015/16 due to delays in finalising the legislative processes of the Regulations. This necessitated that the CSOS cut down on a number of operational targets in order to stay within the allocated government grant.

Secondly, going forward, the operational targets have been modified in view of the changed timelines for collecting income, using the 2015/16 amended baseline.

PART B: PROGRAMME AND SUBPROGRAMME PLANS

The CSOS Strategic Objectives (SO) are as follows:

SO1: Provide a Dispute Resolution service for Community Schemes in South Africa

SO2: Take custody and control of Community Schemes' governance documentation

SO3: Ensure that the CSOS is an efficient, effective and sustainable organisation

SO4: Promote good governance in Sectional Titles and other Community Schemes

SO5: Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa

These Strategic Objectives have been grouped into Programmes as shown in the table below. This classification was extracted from National Treasury programme guidelines.

Table 3: Programme Classification of CSOS Strategic Objectives

PROGRAMME	CSOS STRATEGIC OBJECTIVE
Administration	SO3
Regulation	SO1, SO2, SO4
Education and Training	SO5

4. Programmes, Performance Indicators, Budgets, Quarterly target information

PROGRAMME: REGULATION

STRATEGIC OBJECTIVE 1: Provide a Dispute Resolution service for Community Schemes in South Africa

PURPOSE:

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

Table 4: Strategic Objectives Annual targets - SO1

Strategic Objective	Key Performance Indicators	Audited / Actual Performance		Estimated Performance Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19
Provide a Dispute Resolution service for Community Schemes in South Africa	Number of disputes resolved within specified service levels per the approved Dispute Resolution (DR) model	Dispute resolution model developed	600 Disputes resolved through Conciliation within 40 days for 80% of cases received	600 Disputes resolved through conciliation at specified service levels per DR model.	700 Disputes resolved through conciliation at specified service levels per DR model.	800 Disputes resolved through conciliation at specified service levels per DR model.
BUDGET INFORMATION						
• Adjudicators and Conciliators (Part-time services)		0	0	RO *	RO	RO

*Only Conciliation services are offered for this planning period, this until the Regulations approval is secured. Conciliations are wholly performed by internal staff for this planning period.

Table 5: Quarterly target information - SO1

Key Performance Indicator	Reporting period	Annual Target	Quarterly Targets			
			1st	2nd	3rd	4th
Number of disputes resolved within specified service levels per the approved Dispute Resolution (DR) model	Quarterly	600 Disputes resolved through conciliation at specified service levels per DR model.	100	150	150	200
			80% disputes resolved within 40 days	80% disputes resolved within 40 days	80% disputes resolved within 40 days	80% disputes resolved within 40 days

PROGRAMME: REGULATION

STRATEGIC OBJECTIVE 2: Take custody and control of Community Schemes' governance documentation

PURPOSE:

- Take custody of the existing schemes governance documents that are kept by the Department of Rural Development and Land Reform, and any other institutions
- Develop and implement a process for the receipt of all new governance documentation directly to the CSOS
- Implement a schemes governance records management and documentation system
- Ensuring that the documentation is adequately secured, protected and easily accessible in a cost effective manner

Table 6: Strategic Objectives targets - SO2

Strategic Objective	Key Performance Indicators	Audited / Actual Performance		Estimated	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19
Take custody and control of Community Schemes' governance documentation	MoU completion, Documentation Migration, data clean-up, and storage	Draft Memorandum of Understanding with the Department of Rural Development and Land Reform (DRDLR) drafted	MoU between Ministries (DRDLR / Department of Human Settlements (DHS) finalised	MoU between entities (CSOS/DRDLR) is signed	No additional activity	No additional activity
		Activity not yet commenced	Activity not yet commenced	100 000 Schemes Governance Documents are migrated to CSOS storage (Locate and Migrate)	100 000 governance document migrated	50 000 governance document migrated
		Activity not yet commenced	Activity not yet commenced	Cleaning of data (quality assurance) commenced, kept available for access	Cleaning of data (quality assurance) commenced, kept available for access	Cleaning of data (quality assurance) commenced, kept available for access
BUDGET INFORMATION						
• Document transfer, storage and retrieval			R 12 411 0000	R0*	R1 641 979	R1 955 427

* The execution of this project has not yet commenced, largely due to delays in getting the inter-departmental MoU finalised. Consequently this project, which was originally planned for execution in 2015/16, is expected to be completed during the 2016/17 financial year. Therefore, no new funds are allocated to it during the planning period (2016/17). All relevant permissions are sought from the CSOS Board, DHS, and Treasury.

Table 7: Quarterly target information - SO2

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4th
MoU completion, Documentation Migration, data clean-up, and storage	Quarterly	100 000 Schemes Governance Documents are migrated to CSOS storage (Locate and Migrate)	MoU completion	33 000 migrated schemes governance documents	33 000 migrated schemes governance documents	34 000 migrated schemes governance documents

PROGRAMME: ADMINISTRATION

STRATEGIC OBJECTIVE 3: Ensure that the CSOS is an efficient, effective and sustainable organisation

PURPOSE:

- To ensure that the CSOS is relevant, trusted, compliant and circumspect with the use of public funds, and generates sufficient and sustainable own income through its funding models.
- To ensure that the provisioning of goods and services is done in a compliant, fair and transparent manner.
- To ensure that the assets of the organization are properly managed and safe-guarded.
- To provide for early identification of risks and management thereof.
- To provide effective Board oversight, and Management and Administrative processes and reporting.
- To maintain an adequate human capital capability to effectively execute the mandate of the CSOS.
- To provision and maintenance of information technology (IT) required in order for the CSOS to deliver on its mandate effectively and efficiently.

Table 8: Strategic Objectives Annual targets - SO3

Strategic Objective	Key Performance Indicators	Audited / Actual Performance		Estimated Performance	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19
Ensure that the CSOS is an efficient, effective and sustainable organisation	Number of functional facilities available and accessible to members of the public, to deliver the CSOS services, at a high level of effectiveness	Established Head Office	3 Regional 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)	Establish viable CSOS points of presence in 3 provinces	Establish viable CSOS points of presence in 3 provinces

Strategic Objective	Key Performance Indicators	Audited / Actual Performance		Estimated Performance	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19
	Developed and approved Revenue Management model	Dispute Resolution Funding model drafted	Development of the CSOS Funding model (including the Dispute Resolution Levy, Documentation Fee structure, and Service Fee)	Drafted and Board approved Revenue Management Framework	Implemented Revenue Management Model in Collections and Investments arrangement	Review the Revenue Management Model

BUDGET INFORMATION

Strategic Objective	Key Performance Indicators	BUDGET ELEMENTS	2015/16	2016/17	2017/18	2018/19
Ensure that the CSOS is an efficient, effective and sustainable organisation	Number of functional facilities available and accessible to members of the public, to deliver the CSOS services		3 Regional 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)	Establish viable CSOS points of presence in 3 provinces	Establish viable CSOS points of presence in 3 provinces
		• Building rentals	R3 286 183	Approved Budget: R 2 432 476 Est. Budget: R3 432 746	R3 604 383	R3 784 602
		• Office Equipment leases	R87 655	R100 693	R105 728	R111 014
		• Infrastructure	R12 157 000	Approved Budget: R 0 Est. Budget: R1 500 000	R0	R0

BUDGET INFORMATION						
Strategic Objective	Key Performance Indicators	BUDGET ELEMENTS	2015/16	2016/17	2017/18	2018/19
	Number of reports on the CSOS Funding Model	Drafting is done wholly by internal existing staff	Development of the CSOS Funding model (including the Dispute Resolution Levy, Documentation Fee structure, and Service Fee)	Drafted and Board approved Revenue Management Framework	Implemented Revenue Management Model in Collections and Investments arrangement	Review the Revenue Management Model

Table 9: Quarterly target information - SO3

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, to deliver the CSOS services, at a high level of effectiveness	Quarterly	Review the adequacy of the existing operating model (policies, processes, and procedures)	Document the comprehensive entity business model	Business model approved (by EXCO)	Review the PPPs (Policies, Processes and Procedures) for adequacy, and identify exceptions	No new activity in the quarter
			Developed Customer Service Charter	Approved Customer Service Charter	Implement the Service Charter	Conduct customer feedback survey
Developed and approved Revenue Management model	Quarterly	Drafted and Board approved Revenue Management Framework	Drafted Revenue Management Frameworks	Finalise and submit Revenue Management Frameworks	Approved Revenue Management Frameworks	Implement the Revenue Frameworks (where practical)

PROGRAMME: REGULATION

STRATEGIC OBJECTIVES 4: Promote good governance in Sectional Titles and other community schemes

PURPOSE:

- Ensure the registration of all Community Schemes in South Africa
- Review and optimize Governance rules and regulations in Community Schemes
- Manage the Advisory Panel established in terms of the STSM Act

Table 10: Strategic Objective target - SO4

Strategic Objective	Key Performance Indicators	Audited / Actual Performance		Estimated Performance	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19
Promote good governance in Sectional Titles and other Community Schemes	Schemes governance documentation frameworks developed	Activity not yet commenced	Activity to commence in 2016/17	Develop a review strategy/framework for Community Schemes governance documentation	Distribute community schemes governance document frameworks (templates) to 50% of Community Schemes	100 schemes documents reviewed
	Schemes governance documentation compliance inspection	Activity not yet commenced	Activity to commence in 2016/17	Sample test schemes governance frameworks: • 250 Sectional Titles Schemes documentation • 150 Other Community Schemes	300 community schemes governance documentation inspected (for compliance with developed Frameworks)	500 community schemes governance documentation inspected (for compliance with developed Frameworks)

Strategic Objective	Key Performance Indicators	Audited / Actual Performance		Estimated Performance	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19
	Established database of community schemes, and their Management Agencies	Activity not yet commenced, planned for 2015/16	Develop the forms, templates records management framework to register and maintain records of Community Schemes and their management agents	50 000 community schemes and their managing agents registered in the database	100 000 community schemes and their managing agents registered in the database	100 000 community schemes and their managing agents registered in the database

BUDGET INFORMATION

• Creation of database for Community Schemes		R 0	R1 200 000 **	R1 500 000	R1 500 000
• Inspection costs		R0	R35 000 **	R35 000	R35 000

** These are essential activities, but they will only be activated when the funding requirements have been secured during the planning period.

Table 11: Quarterly target information - SO4

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
Developed Schemes governance strategy and number of Schemes governance documentation reviewed	Quarterly	Develop a review strategy/framework for Community Schemes governance documentation	Developed schemes governance strategy / frameworks	Approved schemes governance strategy / frameworks	Activity completed	Activity completed

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
	Quarterly	Sample test schemes governance frameworks: • 250 Sectional Titles Schemes documentation • 150 Other Community Schemes	Activity commences in later period	Activity commences in later period	Review 150 Community Schemes governance documents	Review 250 Community Schemes governance documents
	Quarterly	50 000 community schemes and their managing agents registered in the database	Activity commences in later period	Activity commences in later period	20 000 community schemes and their managing agents registered	30 000 community schemes and their managing agents registered

PROGRAMME: EDUCATION AND TRAINING

STRATEGIC OBJECTIVES 5: Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa

PURPOSE:

- Expose a range of housing consumers to consumer education
- Conduct training and education to Adjudicators, Conciliators, and other stakeholders
- Conduct broad-based education programmes on the rights and responsibilities that come with living within a Community Scheme to owners, residents and potential new home owners

Table 12: Strategic Objective targets - SO5

Strategic Objective	Key Performance Indicators	Audited / Actual Performance		Estimated Performance	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19
Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa	Number of consumer awareness campaigns	Activity not yet commenced	1 consumer awareness campaign (Regulations public awareness)	2 consumer awareness campaigns	4 consumer awareness campaigns	4 consumer awareness campaigns
BUDGET INFORMATION						
Consumer awareness campaigns	0	R1 001 764	Approved Budget: R0 Estimated Budget: R1 200 000 ***	R400 000	R400 000	

*** No large campaigns will be run until the estimated budget is secured. However, low level, desktop-driven campaigns (like e-mail INFORMAs) can be run at no initial cost.

Quarterly target information – SO5

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
Number of consumer awareness campaigns	Quarterly	2 consumer awareness campaigns	1 (desktop) campaign	No campaign planned for this quarter	1 campaign	No campaign planned for this quarter

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 capitalisable items are required. These are summarized in their classification below.

Description	ACTUAL	PLANNED BUDGET	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
Capital items	1 864 000	12 157 000	3 587 501	1 500 000	0	0	0
Furniture and Fittings (incl. Leasehold improvements)	554 000	1 002 000	0	0	0	0	0
Computer Equipment	895 000	6 723 000	3 149 501	1 500 000	0	0	0
Office Machinery and Equipment	245 000	0	438 000	0	0	0	0
Computer Software	170 000	4 432 000	0	0	0	0	0
Motor Vehicles		0	0	0	0	0	0

Table 13: Capital acquisition programme

There is no capital acquisition programme from 2016/17 onwards during this current MTEF due to budget constraints. Any expansion of infrastructure and CSOS services to more regions is thus not planned for execution, until the matters of affordability are substantially addressed and resolved.

ANNEXURES

ANNEXURE A: Planning Context

6. Vision

To provide a world class dispute resolution service within community schemes.

7. Mission

To facilitate and maintain a world-class dispute resolution service to promote good governance of community schemes by providing education and training to all relevant stakeholders.

8. Strategic intent

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

9. 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.

10. CSOS Strategic Objectives

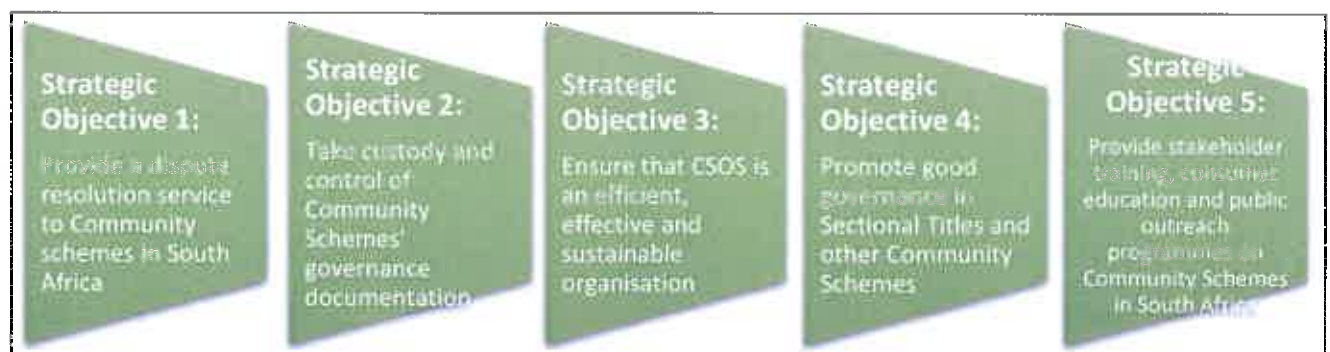


Figure 8: CSOS Strategic Objectives (SOs)

Table 14: Budget Programmes

PROGRAMME	DESCRIPTION
Administration	<ul style="list-style-type: none">• Ensure that CSOS is an efficient, effective and sustainable organisation
Regulation	<ul style="list-style-type: none">• Provide a dispute resolution service to Community schemes in South Africa• Take custody and control of Community Schemes' governance documentation• Promote good governance in Sectional Titles and other Community Schemes
Education and Training	<ul style="list-style-type: none">• Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa

ANNEXURE B: Technical Indicators

SO1: Provide a Dispute Resolution service for Community Schemes in South Africa

Indicator title	Number of disputes resolved within specified service levels per the approved Dispute Resolution (DR) model
Short definition	Conciliations
Purpose/ Importance	The dispute resolution avenue of conciliation is the most amicable and for that reason the CSOS shall endeavour to resolve the majority of disputes through that channel so as to maximise harmony and promote peaceful co-existence in community schemes
Source / collection of data	Case resolution reports
Method of calculation	Approved EXCO reports on the cases resolved through this channel. 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	600 Conciliation disputes resolved
Indicator responsibility	Adjudicator and Governance division – Dispute Resolution unit

Indicator title	Number of disputes resolved within specified service levels per the approved Dispute Resolution (DR) model
Short definition	Conciliation turn-around time
Purpose/ Importance	The sooner complaints are resolved, the sooner the harmony is restored. Short turnaround time also reduces the cost of disputes
Source / collection of data	Case resolution reports
Method of calculation	Approved EXCO reports on the cases resolved through this channel. "Resolution Date" less "Opening Date", cumulative average per quarter divided by total cases Opened for the period
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No

Indicator title	Number of disputes resolved within specified service levels per the approved Dispute Resolution (DR) model
Desired performance	600 Conciliation settlements orders achieved at specified service levels per DR model. 80% of conciliations settlement agreement concluded within 40 days
Indicator responsibility	Adjudicator and Governance division – Dispute Resolution unit

SO2: Take custody and control of Community Schemes' governance documentation

Indicator title	Memorandum of Understanding (MoU) between entities (CSOS and the Deeds Office in the Department of Rural Development and Land Reform) is signed
Short definition	Schemes' Migration MoU
Purpose/ Importance	The MoU is an operational plan that permits the CSOS to take custody of the documents from the various Deeds offices around the country
Source / collection of data	Report from the Adjudicator General's office
Method of calculation	Copy of the signed MoU
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	MoU to be signed by the end of the first quarter
Indicator responsibility	Adjudicator and Governance division

Indicator title	100 000 Schemes Governance documents are migrated to CSOS for storage, cleaned up
Short definition	Document Migration and cleanup
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	None
Data limitations	Output

Type of indicator	Cumulative – for the year
Calculation type	Quarterly
Reporting cycle	No
New indicator	Yes
Desired performance	100 000 community schemes governance migrated during the year, including all required data fields captured
Indicator responsibility	Adjudicator and Governance division – Dispute Resolution unit

SO3: Ensure that the CSOS is an efficient, effective and sustainable organisation

Indicator title	Review the adequacy of the existing operating model (policies, processes, and procedures)
Short definition	Policy reviews
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	Drafted and Board approved Revenue Management Framework
Short definition	Revenue Management Framework
Purpose/ Importance	To ensure that the CSOS is an effective and efficient organisation in managing its Revenue resources

Source / collection of data	The report will be collected from the CFO's office
Method of calculation	The number of Revenue Management policies approved by the Board, or one comprehensive policy approved
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year (Non-Financial)
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	Policy(ies) covering elements of Cash Collection, Banking, Debtors Management, funds withdrawals/transfers and Investments
Indicator responsibility	Chief Financial Officer

SO4: Promote good governance in Sectional Titles and other community schemes

Indicator title	Developed Schemes governance strategy/framework and number of schemes governance documentation reviewed.
Short definition	Schemes governance frameworks
Purpose/ Importance	The community scheme governance documents should reflect the spirit and practice of fairness and harmonious living within community schemes, and discard any rules that may actually or perceptively be considered prejudicial to any interested party within the schemes.
Source / collection of data	Approved progress reports of CSOS EXCO
Method of calculation	Minutes of Adjudicator General / EXCO recording the approval of review plan. Count of scheme documents thus reviewed and revamped (where possible or desirable)
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	Approved community schemes governance framework, and status report on 400 Community Schemes (250 Sectional Titles and 150 Other Community Schemes)

Indicator responsibility	Adjudicator and Governance division
Indicator title	Register community schemes and their managing agents registered in the database
Short definition	Schemes governance 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	50 000 community schemes and their managing agents registered in the database
Indicator responsibility	Adjudicator and Governance division

SO5: Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa

Indicator title	Consumer awareness campaigns
Short definition	Public outreach
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	2 campaigns during the year
Indicator responsibility	Marketing and Communications unit

ANNEXURE C: Budget Information

Introduction

The CSOS is at a critical point in its path towards getting fully operational. A number of milestones have been reached up to and including the publication of the CSOS/STSM Act Regulations, as well as completing the associated public consultation process thereof early in November 2015. The next few weeks are crucial in ensuring that the remaining processes are finalised. Management and the Board are doing everything within their power to facilitate the activities leading up to the final approval of the Regulations and the proclamation of the Act(s) by the State President. The operational support from the DoHS in processing the Regulations is critical to the operational readiness of the CSOS.

In view of the strong demand for the CSOS services that was so clearly evidenced during the 30 day public participation process, as well as the growing volume and complexity of cases already received by the CSOS, it is critical that all stops are pulled to expedite the operationalisation of this entity.

Until these Regulations are passed by parliament and the President proclaims the entity, the planning uncertainty dictates that the CSOS management operates on a derisory government grant that had been allocated to it on the basis that the entity would be fully operational by 2015/16. The budget estimates presented below are thus severely reduced in order to fit into the limited government grant, and shall be reviewed once the process of regulations nears completion. There are ongoing engagements with the National Treasury (NT), through our Executive Authority the National Department of Human Settlements (DoHS), to ensure complete awareness of the urgent efforts to move the approval of Regulations to finality without delay.

INCOME STATEMENT	Actual / Audited	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
Income	41 034 000	70 261 220	83 446 140	39 757 702	24 757 702	30 516 559	32 499 659
Government Grant	40 000 000	39 521 000	23 920 000	23 920 000	23 920 000	29 400 000	31 105 000
CSOS Levy Income			57 777 706		0	0	0
CSOS Documentation Fees			25 000		0	0	0
CSOS Service Fees			20 000		0	0	0
Interest Income	1 018 000	1 407 220	1 703 434	837 702	837 702	1 116 559	1 394 659
Budget Commitments from Prior Year		28 993 000					
Other Income	16 000	340 000		15 000 000			
Operating Expenses	10 625 000	58 104 220	79 858 640	38 257 702	24 757 702	30 516 559	32 499 660
Staff Costs	5 423 000	29 853 904	46 420 811	30 312 575	20 525 281	21 962 051	23 499 395
Operational costs	0	13 336 000	12 594 082	0	0	3 141 979	3 455 427
Marketing and Communications	1 720 000	1 001 764	3 036 250	425 000	0	0	0
Training and Education	0	3 767 169	4 040 461	1 200 000	0	1 000 000	1 000 000
Travelling and Accommodation	559 000	2 544 259	653 000	96 000	15 000	30 000	30 000
Board expenses	247 000	661 565	1 255 500	616 744	308 372	308 372	308 372
Facilities and infrastructure	1 625 000	4 027 587	9 191 832	4 119 169	2 961 169	3 131 277	3 263 586
General and administration	1 051 000	2 911 972	2 666 704	1 488 214	947 880	942 880	942 880
Surplus / (Deficit) before Depreciation	30 409 000	12 157 000	3 587 500	1 500 000	0	(0)	(1)
Depreciation	165 000	5 255 367	5 228 367	5 228 367	5 228 367	2 836 867	367 200
Surplus / (Deficit) after Depreciation	30 244 000	6 901 633	(1 640 866)	(3 728 367)	(5 228 366)	(2 836 867)	(367 201)

The 2016/17 budget and target information is activated with the **Approved Budget**. The **Estimated Budget** column shown above is intended to reflect the level of activity that will be activated upon fulfilment of short term contingency plans, primarily to cover the fixed costs and to sustain the current level of basic core functionality. It is the intention of this APP that should the Regulatory process be completed during the year, the **Planned Budget** level of activity will be pursued, delivering a higher level of services to the CSOS stakeholders, subject to the financial resources starting to flow as expected.

BALANCE SHEET

		ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
		2014/15	2015/16	2016/17	2017/18	2018/19
ASSETS		2 113 000	9 014 633	3 786 267	949 400	582 200
	Property Plant and Equipment	1 694 000	6 478 133	3 537 267	700 400	333 200
	Furniture and Fittings (incl. Leasehold improvements)	554 000	1 239 400	922 809	606 200	289 600
	Office Machinery and Equipment	246 000	195 400	144 800	94 200	43 600
	Computer Equipment	894 000	5 043 333	2 469 667	-	-
	Motor Vehicles	-	-	-	-	-
	Intangible Assets	170 000	2 287 500	-	-	-
	Other Receivables - Rental Deposit	249 000	249 000	249 000	249 000	249 000
Current Assets		29 213 000	1 829 008	38 776	45 249	46 886
	Inventories	196 000	98 630	7 397	7 397	7 397
	Debtors	-	-	-	-	-
	Prepayments	24 000	24 000	24 000	24 000	24 000
	Cash and Cash Equivalents	28 993 000	1 706 378	7 379	13 852	15 489
TOTAL ASSETS		31 326 000	10 843 642	3 825 043	994 649	629 086
Non-current Liabilities		36 000	36 000	36 000	36 000	36 000
	Operating lease liability	36 000	36 000	36 000	36 000	36 000
Current Liabilities		1 046 000	4 004 264	1 904 246	1 982 557	2 061 062
	Provision for leave	309 000	1 463 516	1 576 264	1 298 103	1 339 970
	Short-term borrowing	55 000	55 000	-	-	-
	Payables	682 000	2 485 748	327 982	684 455	721 092
TOTAL LIABILITIES		1 082 000	4 040 264	1 940 246	2 018 557	2 097 062
	Accumulated Surplus / (Deficit)	30 244 000	6 803 377	1 884 797	-1 023 908	-1 467 976
TOTAL ACCUMULATED SURPLUS/(DEFICIT) AND LIABILITIES		31 326 000	10 843 642	3 825 042	994 649	629 086

CASH FLOW STATEMENT		ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
		2014/15	2015/16	2016/17	2017/18	2018/19
Cash Flows from Operating Activities						
Receipts		41 971 000	42 974 598	22 508 703	30 873 032	32 536 297
Government Grant		40 000 000	39 521 000	23 920 000	29 400 000	31 105 000
CSOS Levy Income		-	-	-	-	-
CSOS Documentation Fees		-	-	-	-	-
CSOS Service Fees		-	-	-	-	-
Interest Income		1 018 000	1 407 220	837 702	1 116 559	1 394 659
Other receipts		16 000	340 000	-	-	-
Working Capital movements		937 000	1 706 378	-2 248 999	356 473	36 638
Inventories		937 000	-97 370	-91 233	-	-
Debtors		-	-	-	-	-
Payables		-	1 803 748	-2 157 767	356 473	36 638
Payments		-27 951 000	-58 104 220	-24 207 702	-30 866 559	-32 534 660
Compensation of employees/Board		-5 423 000	-30 515 469	-20 833 653	-22 270 423	-23 807 767
Goods and Services - Payables		-5 202 000	-27 588 751	-3 374 049	-8 596 136	-8 726 893
Other Payments		-17 326 000	-	-	-	-
Net Cash from Operating Activities		14 020 000	-15 129 622	-1 698 999	6 473	1 637
Cash Flows from Investing Activities		-2 029 000	-12 157 000	-	-	-
PPE		-1 832 000	-7 725 000	-	-	-
Intangible Assets		-197 000	-4 432 000	-	-	-
Net Cash from Investing Activities		-2 029 000	-12 157 000	-	-	-
Cash Flows from Financing Activities		-	-	-	-	-
Net Increase / (Decrease) for the year		11 991 000	-27 286 622	-1 698 999	6 473	1 637
Cash and Cash Equivalents at beginning of the year		17 002 000	28 993 000	1 706 378	7 379	13 852
Cash and Cash Equivalents at the End of the Year		28 993 000	1 706 378	7 379	13 852	15 489

Budget Annexures

- **Income funding sources**

The income sources for CSOS are derived from the CSOS Act (section 22), and comprise the government grant, levy income, schemes governance documentation fees, service fees, as well as investment income. Furthermore, loan funding is also permitted in that section.

As shown in the Table 15 below, for the current MTEF period, the government grant is approved as the only budgeting income source for the organisation, with some interest income earned on cash balances from it. This is due to the timing uncertainties in getting the legal formalities to establish the organisation, and thus the inability to estimate the period from which the CSOS can legally raise income through the other sources.

Income Sources	Actual / Audited	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
	41 034 000	70 261 220	83 446 140	39 757 702	24 757 702	30 516 559	32 499 659
Government Grant	40 000 000	39 521 000	23 920 000	23 920 000	23 920 000	29 400 000	31 105 000
CSOS Levy Income			57 777 706		0	0	0
CSOS Documentation Fees			25 000		0	0	0
CSOS Service Fees			20 000		0	0	0
Interest Income	1 018 000	1 407 220	1 703 434	837 702	837 702	1 116 559	1 394 659
Budget Commitments from Prior Year		28 993 000					
Other Income	16 000	340 000		15 000 000			

Table 15: CSOS Income Sources

Once the entity is promulgated into full operation, the levy income will become the second largest source of income as shown in the Planned Budget scenario in Table 15. The period from which the levy collections will commence is so uncertain that the CSOS management considers it prudent to exclude it completely during the current MTEF. However, it is planned that should the Regulations be passed during the 2016/17, the other income streams may be activated, which will then be necessitate an adjusted / supplementary budget to be prepared and presented to the Department. In any event, other short term funding initiatives will be pursued, primarily to cover elements the latter part of 2016/17

fixed and committed costs where these may be insufficiently covered by the approved government grant.

- **Staff Costs**

It is critical to recognise, at the very onset, that the CSOS operating model is that of a service organisation, and the entity is thus expected to be very people intensive. It is in the nature of service based functions like dispute resolution, stakeholder education and training, and the review and improvement of schemes governance documentation, that a significant headcount is required to perform such functions, these being the core functions of the CSOS that are articulated its mandates. This was acknowledged and recognised in the original Five Year Strategic Plan as well, where the staff costs comprised between 70% and 83% of all operational expenses. In the current revision, this ratio is between 66% and 70% customer-facing orientation. The ratio of core and support staff is decidedly in favour of the customer facing compliment, both in terms of numbers (headcount) and the proportion of the salary bill as shown below:

	Headcount			Salaries		
	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
Service Delivery staff	73%	73%	73%	80%	80%	80%
Admin/Management support staff	27%	27%	27%	20%	20%	20%

There is no plan to recruit any additional staff during the year due to budgetary constraints.

Staff Costs	Actual / Audited	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
	5 423 000	29 853 904	46 420 811	30 312 575	20 525 281	21 962 051	23 499 395
Basic salaries - Filled Positions	5 423 000	29 270 321	32 874 323	30 312 575	20 525 281	21 962 051	23 499 395
Basic salaries - Recruitment plan		0	6 747 511				
Incentive Bonus			5 943 275				
Staff Welfare		80 953	275 227				
Recruitment costs			67 475				
On-boarding and Induction		130 000	30 000				
Employee Wellness Programmes			200 000				
Training and Development		372 630	250 000				
HR Special Projects			33 000				

Table 16: Staff costs budget

- **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. However, due to severe austerity measures, only limited targets that can be performed through existing in-house resources are planned for these core functions during this planning period.

Table 17: Operational costs budget

Operational costs	Actual / Audited	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
	0	13 336 000	12 594 082	0	0	3 141 979	3 455 427
Adjudication and Conciliation services			2 672 000	0			
Revenue Operations Services		0	4 391 332				
Community Schemes database costs		2 000 000	1 120 000			1 500 000	1 500 000
Off-site schemes documentation storage / management		11 336 000	4 410 750	0		1 641 979	1 955 427

- **Marketing and Communication expenses**

The marketing and communications functions has been earmarked as the most critical function in the beginning, entailing the public launch of the organisation. The budget for the appropriate launch will be sourced when the approval process nears the final proclamation by the President. There will also be the production of the annual report to cover from funds still to be sourced.

Table 18: Marketing and Communications expense budget

Marketing and Communications	Actual / Audited	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
	1 720 000	1 001 764	3 036 250	425 000	0	0	0
Marketing	1 720 000	865 764	2 473 750	250 000			
Promotional materials		0	192 500				
Communication		136 000	370 000	175 000			

- **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 periods. The scope, speed of roll out and reach of these programmes will be limited only by budget availability.

Table 19: Stakeholder training and consumer education costs

Stakeholder Training and Education	Actual / Audited	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
	0	3 767 169	4 040 461	1 200 000	0	1 000 000	1 000 000
Dispute resolution training		3 500 000	2 626 730	1 000 000		1 000 000	1 000 000
Consumer awareness			1 000 000	150 000			
Stakeholder Workshops and Conferences		267 169	413 731	50 000			

- **Travelling and Accommodation**

In the current climate of limited budgets, all efforts are made to limit the travelling and accommodation expenses by using alternative means, including the use of technologies like tele-conferencing 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 (Regional 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. The budget austerity measures have drastically curtailed the planning to the bare legislative compliance minimum.

Table 20: Travelling and Accommodation expenses

Travelling and Accomodation	Actual / Audited	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
	559 000	2 544 259	653 000	96 000	15 000	30 000	30 000
Travel - Provincial staff training on Premier HR system			20 000				
Travel to provincial offices - site inspections			0				
Accommodation			48 000				
Staff Training Travel			65 000				
Stakeholder engagement travel			190 000				
Executive Authority/Strategy Planning/ Monitoring			150 000	96 000	15 000	30 000	30 000
Other functional travel	559 000	2 544 259	180 000				
International Travel			0				

- Board expenses**

Board expenses are budgeted per the National Treasury guidelines. This category includes only the external Board fees, and the number of meetings is limited by the budgetary constraints.

Table 21: Board expenses

Board expenses	Actual / Audited	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
	247 000	661 565	1 255 500	616 744	308 372	308 372	308 372
Fees (Board and Committees)	247 000	661 565	828 000	616 744	308 372	308 372	308 372
Travelling and Accomodation			75 000				
Training			75 000				
Evaluation			187 500				
Induction			52 500				
Other (debriefs, farewells, enquiries)			37 500				

- 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. Administrative

access points will be established first, which means customers can register and request CSOS services at those locations, but the actual service is currently delivered from the three (3) central hub locations, namely Gauteng office in Johannesburg, KwaZulu Natal office in Durban, and the Western Cape office in Cape Town.

Table 22: Facilities and Infrastructure expenses

Facilities and Infrastructure	Actual / Audited	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
	1 625 000	4 027 587	9 191 832	4 119 169	2 961 169	3 131 277	3 263 586
Facilities rental and utilities	1 165 000	3 286 183	3 984 832	3 432 476	2 432 476	2 554 100	2 681 805
Expansion costs (to other satellite offices)			1 408 000				
Office equipment leases			1 953 000	100 693	87 693	92 077	96 681
Office refurbishment	458 000						
Motor vehicle expenses (Consumables and docs)			700 000				
Motor vehicle leases			30 000				
Furniture Rental	2 000	708 904	780 000	541 000	441 000	485 100	485 100
IT Licenses (annual renewal of ERP)			204 000				
ICT support services		32 500	132 000	45 000			

- **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. The details are shown in Table 23 below.

Table 23: General and Administration expenses

General and Administration	Actual / Audited	Current Budget	PLANNED BUDGET	ESTIMATED BUDGET	APPROVED BUDGET	MTEF ESTIMATES	
	2014/15	2015/16	2016/17	2016/17	2016/17	2017/18	2018/19
	1 051 000	2 911 972	2 666 704	1 488 214	947 880	942 880	942 880
Office supplies and expenses		261 711	75 000	35 000	36 000	31 000	31 000
Administration fees	349 000						
Printing and Stationery	166 000	400 000	500 000	30 000	30 000	30 000	30 000
Insurance	1 000	100 000	250 000	140 334			
Internal Audit			200 000				
External Audit	35 000	405 042	518 146	580 000	160 000	160 000	160 000
Bank Charges	43 000	27 689	93 916	10 996	10 996	10 996	10 996
Telephone and postage	429 000	599 150	600 000	710 884	710 884	710 884	710 884
Professional and Consulting Fees		747 839	300 000				
Subscriptions and membership	28 000	40 541	79 642				
Legal fees and litigation		30 000	50 000				