



Community Schemes
Ombud Service

Affordable Reliable Justice

(CSOS)

CORPORATE STRATEGIC PLAN

2014/15 – 2018/19

**Amended
FEBRUARY 2016**

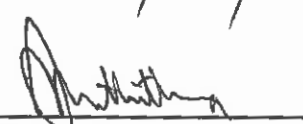
Official sign-off

It is hereby certified that this Strategic Plan:

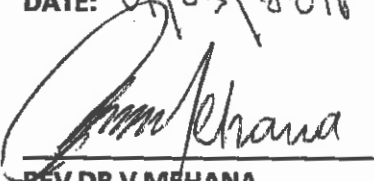
- Was initially developed by the Department of Human Settlements during the 4th quarter of 2013/14
- It was reviewed by the Executive Management and the Board on the 17th-18th November 2014;
- It was revised by the Management of the Community Schemes Ombud Service during the 2nd, 3rd and 4th quarters of the 2015/16 financial year, and approved by the Board for implementation in February 2016;
- It takes into account all the relevant policies, legislation and other mandates for which the Community Schemes Ombud Service is responsible; and
- Accurately reflects the strategic outcome-oriented goals and objectives which the Community Schemes Ombud Service will endeavor to achieve over the remaining period of the MTSF period 2014/15 – 2018/19.


MR T D MABUYA
CHIEF FINANCIAL OFFICER
COMMUNITY SCHEMES OMBUD SERVICE

DATE: 01/03/2016


MR T P MTHETHWA
CHIEF OMBUD
COMMUNITY SCHEMES OMBUD SERVICE

DATE: 01/03/2016


REV DR V MEHANA
CHAIRPERSON OF THE BOARD
COMMUNITY SCHEMES OMBUD SERVICE

DATE: 01 - 03 - 2016


HONORABLE MS L N SISULU, MP
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 Strategic Plan for the Medium Term Strategic Framework (MTEF) period 2014-2019 to the Department of Human Settlements and our Executive Authority, as represented by the Honourable Minister Lindiwe Sisulu.

These plans were developed with the aim of aligning the CSOS activities to the broader MTSF objectives, indicators and targets; the national target of 1,495 million housing opportunities (and quality living environments) by 2019 is a vision that the Community Schemes Ombud Service can meaningfully contribute to.

The history of the CSOS goes back to 2004 when Cabinet considered the issue of numerous unresolved disputes in sectional titles, and decided that government should find a way to intervene to address the deteriorating situation in that space, in the interests of all housing consumers. Initially a committee with representatives from various government departments was formed and, after some discussion, it was decided that the Department of Land Affairs, via the office of the Chief Registrar of Deeds, would appoint advisers to investigate the pertinent issues and make recommendations. The advisers were appointed in late 2004, and during 2005 they conducted a national stakeholder consultation process on the issues and undertook extensive international research, including visits to Singapore, Sydney and Brisbane in Australia and Edinburgh in Scotland, before making their recommendations. The process culminated in the drafting legislation to deal specifically with the management of sectional title schemes and to establish an Ombud Service for all community schemes. The legislation drafting process was later transferred to the Department of Housing / Human Settlements, and resulted in the submission to Parliament of the Bills that were in 2011 promulgated as the Sectional Titles Schemes Management (STSM) and the Community Schemes Ombud Service (CSOS) Acts. With the appointment of the first Board in 2013, the CSOS was duly founded as an entity, responsible for the good governance of all community schemes, and having particular additional responsibilities in regard to sectional title schemes and the implementation and administration of the STSM Act.

It is the organisation's strategic intent to meaningfully contribute to the achievement of the 2030 human settlements vision through the enhancement of vibrant community schemes as an alternative tenure option for most citizens in the country.

This is evident in our strategic objectives which are:

1. To provide a Dispute Resolution service for Community Schemes in South Africa
2. To take custody and control of Community Schemes' governance documentation
3. To ensure that the CSOS is an efficient, effective and sustainable organisation
4. To promote good governance in Sectional Titles and other Community Schemes in South Africa
5. To provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa

Since our establishment we have made significant progress in setting up the entity and getting it up to a point of increased operational readiness. However, it has since become abundantly clear that there are additional functions of government regulation that can only be located within this entity. These include the creation and maintenance of a comprehensive database of community scheme living in South Africa. This information holds great opportunities for resource allocation, service delivery and spatial planning in the country, especially as the scarcity of free-hold land becomes an increasing reality. The long term solution for human settlements thus lies with shared space living, and the proper information profiles of and regulation within that community schemes environment is thus a very important matter for government.

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 National Department of Human Settlements (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 of life for our people in the country generally.

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

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PART A: CSOS STRATEGIC OVERVIEW

CSOS STRATEGIC CONTEXT

1 Vision

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

2 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.

3 Strategic intent

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

4 Strategy

To facilitate the efficient resolution of disputes, custody and access to schemes governance documentation, and to provide education and training for stakeholders within community schemes in order to promote good governance within community schemes.

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.

6 Key priorities

- To develop and implement a dispute resolution service capable of resolving disputes within community schemes timely and objectively;
- To take custody and control of schemes governance documentation to enhance good administration of community schemes and to facilitate easy access of information on community schemes by clients
- To create awareness on roles, rights and obligations to various stakeholders, owners and occupiers through training and education;
- To develop and implement appropriate corporate governance guidelines for the improvement of good governance of community schemes;
- To roll-out public education campaign and profiling community schemes as an alternative tenure option;
- To implement efficient and effective financial systems, controls and measures to improve financial accounting, supply management processes and procedures of the CSOS;
- To promote implementation of internal dispute resolution mechanisms and change management within community schemes; and
- To create capacity within the CSOS by providing necessary training and development in the field of dispute resolution and governance of community schemes.

7 CSOS Strategic Objectives



8 Legislative and other mandates

8.1 Constitution of the Republic of South Africa (Act 108 of 1996)

The Constitution is the supreme law of South Africa and as such the contents thereof is applicable to the operations of the Community Schemes Ombud Service.

Preamble

*We, the people of South Africa recognise the injustices of our past;
Honour those who suffered for justice and freedom in our land;
Respect those who have worked to build and develop our country; and
Believe that South Africa belongs to all who live in it, united in our diversity.*

8.2 Chapter 2 – Bill of Rights

The Bill of Rights is the cornerstone of democracy in South Africa. The Bill of Rights applies to all law, and binds the legislature, the executive, the judiciary and all organs of the state.

The full content of the Bill of Rights is therefore applicable to the CSOS. However, the following sections contained in the Bill of Rights are of particular importance:

- Section 9 – Equality
- Section 10 – Human Dignity
- Section 12 – Freedom and security of the person
- Section 14 – Privacy
- Section 21 – Freedom of movement
- Section 24 – Environment
- Section 25 – Property
- Section 26 – Housing
- Section 28 – Children
- Section 30 – Language and culture
- Section 32 – Access to information
- Section 34 – Access to courts

8.3 Community Schemes Ombud Service Act, 2011 (Act 9 of 2011) – “CSOS ACT”

8.3.1 Purpose of the CSOS Act

The Purpose of the Act is to provide:

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

8.3.2 Establishment of CSOS

- Section 3 (1) of CSOS Act states *'there is hereby established a juristic person to be known as the Community Schemes Ombud Service;*
- 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;*
- Section 3 (3) states that the *CSOS must establish a national head office and, where necessary, regional offices; and*
- Section 3 (4) states that *the provisions of the PFMA apply to CSOS.*

8.3.3 Functions of CSOS

8.3.3.1 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 quality of schemes governance documentation; and*
- (d) Take custody of, preserve and provide public access electronically or by other means to schemes governance documentation.*

8.3.3.2 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) Must monitor community schemes governance; and*
- (d) May generally, deal with any such matters as may be necessary to give effect to the objectives of this Act.*

8.4 Other Community Schemes legal and policy contexts

8.4.1 Common Law Co-Ownership

The common law of South Africa permits land to be registered in the name of more than one natural or artificial person. In practice shared rights and obligations arising from common law co-ownership of land and buildings used for housing purposes are often regulated by contractual arrangements.

8.4.2 Sectional Titles

The Sectional Titles Act, 1986 governs the creation and operation of sectional title schemes and make provision for a body corporate to manage each of these schemes. Under this Act, a management body comes into being for each scheme by operation of law.

The governance documentation for sectional title schemes, including certificates setting out the applicable management and conduct rules for every scheme and subsequent amendments thereto as well as notices showing the *domicilium citandi et executandi* of everybody corporate and subsequent changes thereto, is filed with and kept by the Registrars of Deeds for the areas in which each sectional title scheme is registered.

Section 35 (5) (b) of this Act expressly provides that the Registrar is not required to examine sectional title rules or changes made thereto. Owners, tenants and members of the public are entitled to obtain copies of these rules on payment of a fee.

An extract from the Sectional Titles Schemes Management Act and Implications on CSOS is shown in the table below:

Figure 1: Extracts from the Sectional Titles Management Act

Item No	Reference of Particular Section	Articulation of the Section	CSOS Strategic thinking and alignment
1	Section 7 (d)	(7) The Body Corporate has perpetual succession and is capable of suing and of being sued in its corporate name in respect of (d) <i>any matter arising out of the exercise of any of its powers or the performance or non-performance of any of its duties under this Act or any rule.</i>	This may be an area of contention by owners
2	Section 3(1)(c)	(3)(1) A body corporate must perform the functions entrusted to it by or under this Act or the rules, and such functions include (c) <i>To require the owners, whenever necessary, to make contributions to such funds: Provided that the body corporate must require the owners of sections entitled to the right to the exclusive use of a part or parts of the common property, whether or not such right is registered or conferred by rules, to make such additional contribution to the funds as is estimated necessary to defray the costs of rates and taxes, insurance and maintenance in respect of any such part or parts, including the provision of electricity and water, unless in terms of the rules the owners concerned are responsible for such costs. (f) To raise the amounts so determined by levying contributions on the owners in proportion to the quotas of their respective sections. (a) To notify the Chief Ombud, the local municipality concerned and the registrar of its domicilium citandi et executandi, which is its address for service of any process? (t) In general, to control, manage and administer the common property for the benefit of all owners.</i>	CSOS is obligated to work out a funding model enabling it to perform its mandate and functions, whilst acknowledging implications on the community scheme. Need for SLAs between CSOS and Municipalities.
3	Section 3(2)	Liability for contributions levied under any provision of subsection (1), save for special contributions contemplated by subsection (4), accrues from the passing of a resolution to that effect by the trustees of the body corporate, and may be recovered by the body corporate by an application to an Ombud from the persons who were owners of units at the time when such resolution was passed: Provided that upon the change of ownership of a unit, the successor in title becomes liable for the pro rata payment of such contributions from the date of change of such ownership.	Incidental service fees by the Ombud and collaborative efforts as outlined in the Sectional Titles Act and CSOS Act.
4	Section 3(3)	Any special contribution becomes due on the passing of a resolution in this regard by the trustees of the body corporate levying such contribution and may be recovered by the body corporate by an application to an Ombud, from the persons who were owners of units at the time when such resolution was passed: Provided that upon the change of ownership of a unit, the successor in title becomes liable for the pro rata payment of such contributions from the date of change of such ownership.	Incidental service fees by the Ombud and collaborative efforts as outlined in the Sectional Titles Act and CSOS Act.
5	Section 3(4)	"Special contribution", for the purposes of this section, means any contribution levied under subsection (1) other than contributions which arise from the approval of the estimate of income and expenditure at an annual general meeting of a body corporate, determined to be a contribution to be levied upon the owners during the current financial year.	CSOS to work out incidental funding model linked to this sub-section
6	Section 3(5)	The body corporate must, annually or whenever there is a change in levy, certify in writing— (a) <i>The amount determined as the contribution of each owner;</i> (b) <i>The manner in which such contribution is payable; and</i>	CSOS Funding Model Plan, consultations and implementation

Item No	Reference of Particular Section	Articulation of the Section	CSOS Strategic thinking and alignment
		<i>(c) The extent to which such contribution has been paid by each owner.</i>	
7	Section 3(6)	(6) The body corporate is, for the purposes of effecting any insurance under subsection (1)(h), considered to have an insurable interest for the replacement value of the building and must, for the purposes of effecting any other insurance under that subsection, be considered to have an insurable interest in the subject matter of such insurance	CSOS Funding Model Plan, consultations and implementation
8	Section 4(h)	The body corporate may exercise the powers conferred upon it by or under this Act or the rules, and such powers include the power (h) To enter into an agreement with any owner or occupier of a section for the provision of amenities or services by the body corporate to such section or to the owner or occupier thereof, including, upon special resolution, the right to let a portion of the common property to any such owner or occupier by means of a lease other than a lease contemplated in section 5(1)(a);	Reference section when dealing with specific disputes and governance documentation
9	Section 4(i)	The body corporate may exercise the powers conferred upon it by or under this Act or the rules, and such powers include the power (i) To do all things reasonably necessary for the enforcement of the rules and for the management and administration of the common property	CSOS assessing fairness and applicability
10	Section 5(1)	In addition to the body corporate's main functions and powers under sections 3 and 4, the body corporate— (a) may, upon unanimous resolution, on direction by the owners and with the written consent of any holder of a right of extension contemplated in section 25 of the Sectional Titles Act, alienate common property or any part thereof, or let the common property or any part thereof under a lease, and thereupon the body corporate may, subject to section 17(1) of the Sectional Titles Act, deal with such common property or such part thereof in accordance with the direction and may execute any deed required for this purpose, including any deed required under the Sectional Titles Act; (b) May, with the written consent of all the owners as well as the written consent of the mortgagee of each unit in the scheme, alienate, or in terms of the Sectional Titles Act exercise or cede, a right of extension of the scheme by the addition of sections: Provided that an owner or mortgagee may not withhold such approval without good cause in law; (c) May, upon unanimous resolution by the owners, enter into a notarial agreement to extend the period stipulated in the condition referred to in section 25(1) of the Sectional Titles Act. (d) May, subject to subsection (2), purchase land to extend the common property, if duly authorised thereto in writing by all the owners; (e) may, upon unanimous resolution by the owners, request the delineation and cession of exclusive use rights to particular owners in terms of section 27(2) of the Sectional Titles Act; (f) May, upon special resolution by owners, enter into a notarial deed of cancellation of an exclusive use right in terms of section 27(5) of the Sectional Titles Act; (g) May, upon special resolution by the owners, execute on behalf of the owners a servitude or a restrictive agreement burdening the land shown on the relevant sectional plan and may accept on their behalf a servitude or restrictive agreement benefiting such land, as contemplated in section 29 of the Sectional Titles Act; (h) Must, on application by an owner and upon special resolution by the owners, approve the extension of boundaries or floor area of a section in terms of the Sectional Titles Act; and (i) May generally exercise any power and perform any function conferred or imposed on the body corporate in terms of this Act or the Sectional Titles Act.	CSOS source of reference in registration, investigations and adjudication of captured complaints and/or governance documentation practices

Item No	Reference of Particular Section	Articulation of the Section	CSOS Strategic thinking and alignment
11	Section 5(2)	<p>Land purchased by a body corporate in terms of subsection (1)(d)—</p> <p><i>(a) Must be registered in the name of the body corporate in terms of the Sectional Titles Act and the Deeds Registries Act, 1937 (Act No. 47 of 1937); and</i></p> <p><i>(b) Is considered to be owned by the owners of sections in the building concerned in the same proportion as their participation quota as contemplated in section 26(2) of Sectional Titles Act.</i></p>	CSOS noting origination of each property in a community scheme
12	Section 10	<p>(1) A scheme must as from the date of the establishment of the body corporate be regulated and managed, subject to the provisions of this Act, by means of rules.</p> <p>(2) The rules must provide for the regulation, management, administration, use and enjoyment of sections and common property, and comprise—</p> <p><i>(a) Management rules, as prescribed, which rules may subject to the approval of the Chief Ombud be substituted, added to, amended or repealed by the developer when submitting an application for the opening of a sectional title register, to the extent prescribed by regulation, and which rules may be substituted, added to, amended or repealed by unanimous resolution of the body corporate as prescribed; and</i></p> <p><i>(b) Conduct rules, as prescribed, which rules may, subject to the approval of the Chief Ombud, be substituted, added to, amended or repealed by the developer when submitting an application for the opening of a sectional title register, and which rules may be substituted, added to, amended or repealed by special resolution of the body corporate, as prescribed: Provided that such conduct rules may not be irreconcilable with any prescribed management rule contemplated in paragraph (a).</i></p> <p>(3) The management or conduct rules contemplated in subsection (2) must be reasonable and apply equally to all owners of units.</p>	CSOS Governance Documentation Management and incidental fees for CSOS.
13	Section 13(1)(g)	<p>An Owner must –</p> <p><i>(g) When the purpose for which a section or exclusive use area is intended to be used is shown expressly or by implication on or by a registered sectional plan, not use nor permit such section or exclusive use area to be used for any other purpose: Provided that with the written consent of all owners such section or exclusive use area may be used for that purpose as consented to.</i></p>	CSOS noting rights and obligations of owners and level of consent to be provided by each.
14	Section 13(2)	<p>(2) Any owner who is of the opinion that any refusal of consent of another owner in terms of the proviso to subsection (1)(g) is unfairly prejudicial, unjust or inequitable to him or her, may, within six weeks after the date of such a refusal, make an application in terms of this subsection to an Ombud.</p>	Affected rights of owners assessed and adjudicated by CSOS.
15	Section 16(4)	<p>(4) The administrator must—</p> <p><i>(a) Convene and preside at the meetings required in terms of this Act and the scheme's rules; and (b) Lodge with the Ombud—</i></p> <p><i>(i) Copies of the notices and minutes of meetings; and</i></p> <p><i>(ii) Written reports on the administration process every three months or at such shorter intervals as the Magistrate's Court may direct.</i></p>	Role of Administrator intertwined with the judicial processes followed in a court of law.
16	Section 18	<p>(1) There is hereby established a Sectional Titles Schemes Management Advisory Council, which must—</p> <p><i>(a) Make recommendations to the Minister concerning any matter specified in section 19 in respect whereof the Minister may make regulations;</i></p> <p><i>(b) Keep the implementation of this Act and the regulations under regular review and must make recommendations to the Minister with regard to any amendments thereof or other action which may be advisable; and</i></p>	CSOS detailed planning, implementation and reporting on the role and impact of the Sectional Titles Advisory Management Council. It is imperative that the Chief Ombud and various Ombuds

Item No	Reference of Particular Section	Articulation of the Section	CSOS Strategic thinking and alignment
		<p><i>(c) Advise the Minister on any matter referred to it by the Minister.</i></p> <p>(2) The Advisory Council consists of not more than seven but not less than five members of whom—</p> <p><i>(a) One must be the Chief Ombud, who must act as chairperson at the meetings of the Advisory Council;</i></p> <p><i>(b) One must be a senior official of the department designated by the Director-General; and</i></p> <p><i>(c) The remainder must be persons appointed by the Minister who must have skills, knowledge and experience in the management of a range of types of schemes.</i></p> <p>(3) The Minister must appoint one of the members of the Advisory Council as the Deputy Chairperson.</p> <p><i>(4) (a) Before the Minister makes an appointment in terms of subsection (2)(c), the Director-General must, on such terms as he or she considers appropriate, establish a nomination committee consisting of not more than seven persons who are broadly representative two of whom must be the chairpersons of the relevant parliamentary committees in each house or their delegates, to nominate persons who meet the requirements of subsection (2)(c) for consideration for appointment to the Advisory Council by the Minister.</i></p> <p><i>(b) The persons nominated in terms of paragraph (a) must be broadly representative in such a manner as may be prescribed.</i></p> <p>(5) A member of the Advisory Council holds office for a period of three years, but the Minister may on reasonable grounds terminate the appointment of such a member at any time before the expiration of such member's period of office.</p> <p>(6) If a member of the Advisory Council dies or vacates office before the expiration of that member's period of office, the Minister may, subject to the provisions of subsection (2)(c), appoint a person in that member's place for the unexpired period of his or her office.</p> <p>(7) A member of the Advisory Council, whose period of office has expired, may be re-appointed but may not serve for more than two consecutive terms.</p> <p>(8) A member of the Advisory Council, excluding a member in the fulltime service of the State, must, while he or she is engaged in the business of the Advisory Council, be paid such remuneration and travelling and subsistence allowances as the Minister, with the concurrence of the Minister of Finance, may determine.</p> <p>(9) In the absence of the Chief Ombud or his or her deputy, the members present in the meeting of the Advisory Council must elect a member from amongst themselves to act as Chairperson of the Advisory Council for the purpose of such meeting.</p> <p><i>(10) (a) The Advisory Council must meet at such times and places as are determined by the Chief Ombud.</i></p> <p><i>(b) The Minister may at any time direct the Chief Ombud to convene a meeting of the Advisory Council at a time and place determined by the Minister.</i></p> <p><i>(11) (a) Five members of the Advisory Council form a quorum for a meeting.</i></p> <p><i>(b) A decision of a majority of the members of the Advisory Council present at any meeting of the Advisory Council constitutes a decision of the Advisory Council and, in the event of an equality of votes, the person presiding at the meeting must have a casting vote in addition to his or her deliberative vote.</i></p>	<p>must be aligned to the processes and fully understands their responsibilities in ensuring the implementation of the Sectional Titles Act and CSOS Act.</p>

Item No	Reference of Particular Section	Articulation of the Section	CSOS Strategic thinking and alignment
		<p>(12) The Advisory Council may regulate the proceedings at its meetings as it may think fit, and must cause minutes of such proceedings to be kept.</p> <p>(13) The administrative functions of the Advisory Council must be performed by the employees of the Community Schemes Ombud Service referred to in section 3 of the Community Schemes Ombud Service Act, 2010, who are designated by the Chief Ombud for that purpose.</p>	

8.4.3 Share Block Schemes

The Share Block Control Act, 1980 and the Companies Act, 2008, regulate share-block companies in terms of a statutory management arrangement common to all registered share block companies. The governance documentation for share block companies namely the Memorandum of Incorporation, copies of standard 'use agreements' between such companies and their shareholders and various types of company resolutions are in the custody of the Registrar of Companies. Owners, tenants and members of the public are entitled to obtain copies from the Registrar on payment of a fee.

8.4.4 Retirement Schemes

A retirement housing development scheme under the Housing Development Schemes for Retired Persons Act, 1988, may be structured as any type of scheme, arrangement or undertaking catering for membership of or participation in any form of club, association, organization or other body. All such schemes must be managed by an association that comes into being in terms of regulation 7 made under section 11 of that Act. This association has the power to make rules.

Where retirement schemes are established as sectional title schemes, share block companies or close corporations, the governance documentation is available from the offices of the appropriate Registrar of Deeds or from that of the Registrar of Companies for a fee. The churches, charitable societies, trusts and other forms of organisations that operate such schemes are not required to file their governance documentation with any government office. The contracts, often called 'life-right agreements', that regulate the relationship between retired persons and such entities are not part of any public record. The rules made by management associations under regulation 9 of this Act are also not filed in any government office or available to the public.

8.4.5 Home Owners Associations (HOAs)

A significant proportion of South Africa's urban housing developments are regulated by HOAs. 'Gated villages', 'security estates', 'golf estates' and similar private and semi-private property developments are established and administered by 'home owners associations' under the Development Facilitation Act, 1995 and various townships, town planning and land use planning ordinances applicable in the various provinces. In addition, municipalities make provision in regulations and bylaws to enable existing communities to form new associations to take ownership of the infrastructure in these communities and to administer defined urban areas.

HOAs take the form of either 'not for profit' companies established under the Companies Act, 2008 or common law associations. Where HOAs are common law associations, the local authority concerned

usually holds the original or a copy of its constitution. Where the HOA is established as “not for profit” company, under the Companies Act, 2008, the Registrar of Companies keeps the custody of the Memorandum of Incorporation governing its operations.

8.4.6 Multi-Level and Mixed-Use Developments

Different kinds of community schemes are often combined in a single property development, for example sectional title schemes, retail precinct and housing development for retired person under the jurisdiction of a single homeowners association with overall management responsibility. The community schemes within such developments are often governed by a number of different sets of governance documents. Regulation 30 under the Sectional Titles Act, 1986, makes specific provision for a sectional title scheme to assign its functions and powers to another association that acts as an overall management body. The governance of schemes in such multi-level and mixed-use developments is very complex. There is no public office that keeps copies of the governance documentation for multi-level and mixed-use management associations that are not registered as companies under the Companies Act.

8.4.7 The Housing Act (Act No. 107 OF 1997)

In terms of Part 2, Section 3 (4)(h), the Minister for Human Settlements is empowered to establish and finance national institutions for the purposes of housing development, and supervise the execution of their mandate.

9 Situational analysis

Communal living within a community scheme triggers conceptually a tripartite relationship between the parties, i.e. 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 relationship commonly gives rise to disputes between the parties as it involves co-ownership and co-governance of the community schemes. Community schemes often have their own dispute resolution processes and mechanisms documented in their governance documentations and operated in 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 CSOS Act has been promulgated to amongst others, provide an affordable and effective dispute resolution mechanism within community schemes, render consumer education to stakeholders, take custody and control of schemes governance documentation and ensure good governance of 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 regime, there is an acute lack of understanding of

rights and responsibilities by owners and occupiers within community schemes. 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. Furthermore, there is no reliable and comprehensive database on community schemes, their governance documentation, and their management agents.

The immediate task of the CSOS is to develop and implement an appropriate institutional framework, appropriate systems, controls and measures to deliver on its mandate given the environment.

9.1 Performance environment

9.1.1 The political Environment

Politically, the CSOS is accountable to the Minister for Human Settlements. The CSOS will report regularly as is required 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 well positioned to contribute to the achievement of the 2030 Human Settlements Vision, as articulated in the National Development Plan, particularly in managing the contemporary economic and demographic shifts in urban areas.

9.1.2 The Economic Environment

The CSOS operations will be aligned to good corporate governance principles. Various funding sources/streams will be employed to enable the organisation to be self-sustainable. These include amongst others, grants appropriated by Parliament, levies payable by community schemes, services charges and charges on accessing schemes governance documentation. Centrally, the CSOS will deliver affordable dispute resolution services on a cost recovery basis and in a sustainable manner.

CSOS Dispute Resolution Model 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 fairness, without favour, shall be applied to all parties cited in the dispute.

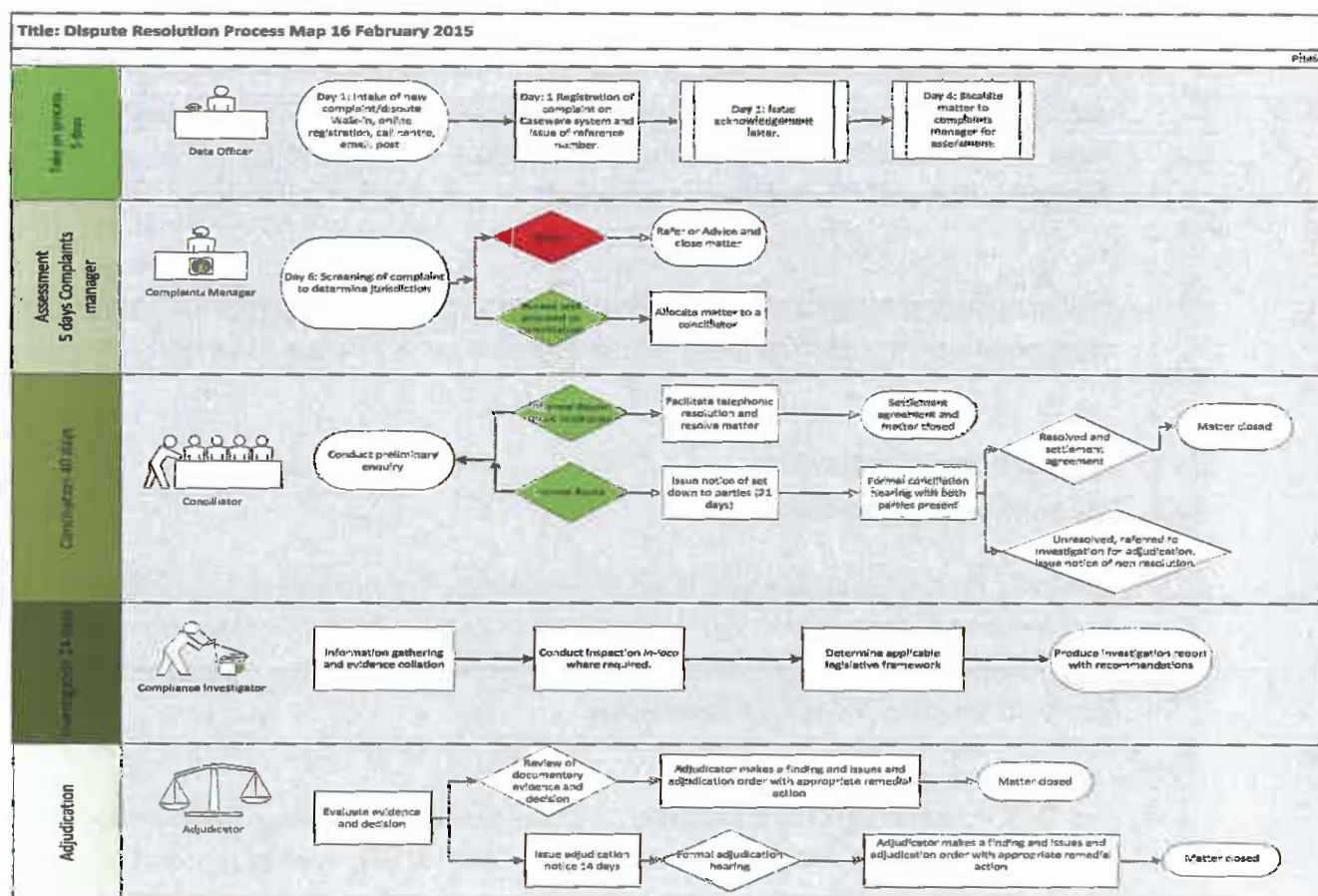


Figure 2: CSOS Dispute Resolution Model

9.1.3 The Social Environment

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-owned and co govern the community scheme.

9.1.4 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 will be compatible to public and private sector entities' IT systems that it will be interacting with in implementing its mandate. The existing Information Technology of the modern world can therefore be used by the CSOS as a planning and a service delivery tool.

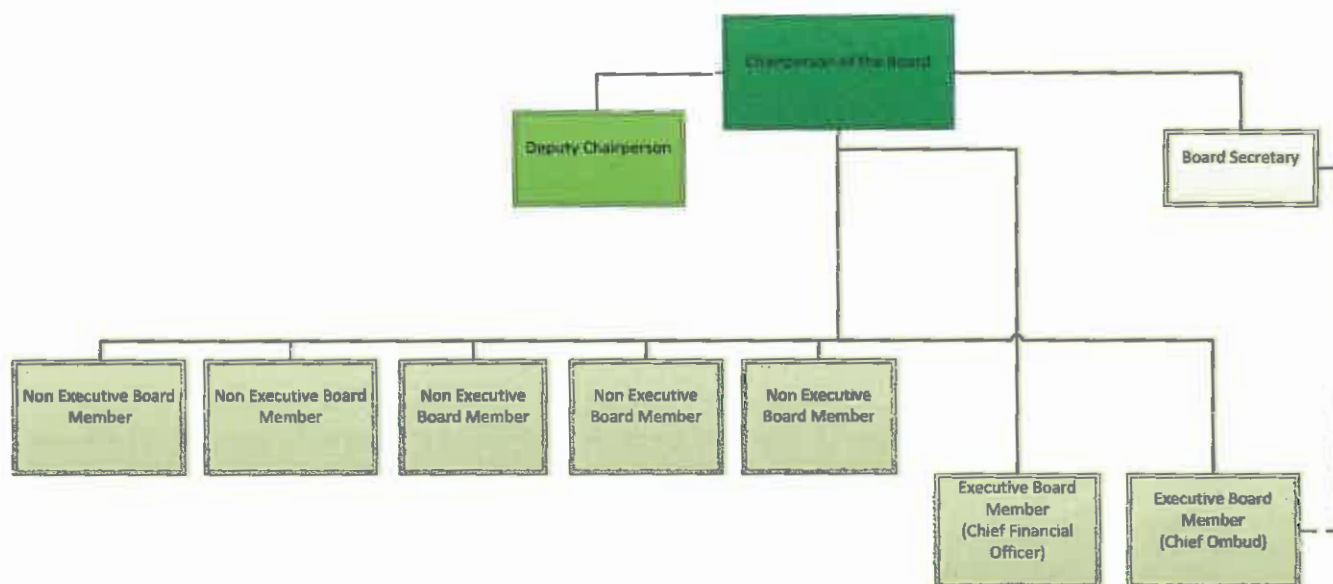
9.1.5 CSOS Operating in a Generally Complex Environment

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 investigating, adjudicating and reporting on its dispute resolution mechanism.

9.2 Organisational environment

9.2.1 The CSOS Board of Directors

Figure 3: 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 3**) 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**. 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. A non-executive member of the Board may be re-appointed but may not serve for more than two (2) consecutive terms.

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:

- 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.

9.2.2 CSOS Board Committees

To comply with corporate governance principles, CSOS will establish the following Board Committees (Figures 4 – 7):

- Remuneration and Human Resources Committee (REMCO);
- Audit, Risk and Finance Compliance Committee;
- Adjudication and Governance Committee
- 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;
- 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;

9.2.2.1 Remuneration and Human Resources Committee (REMCO)

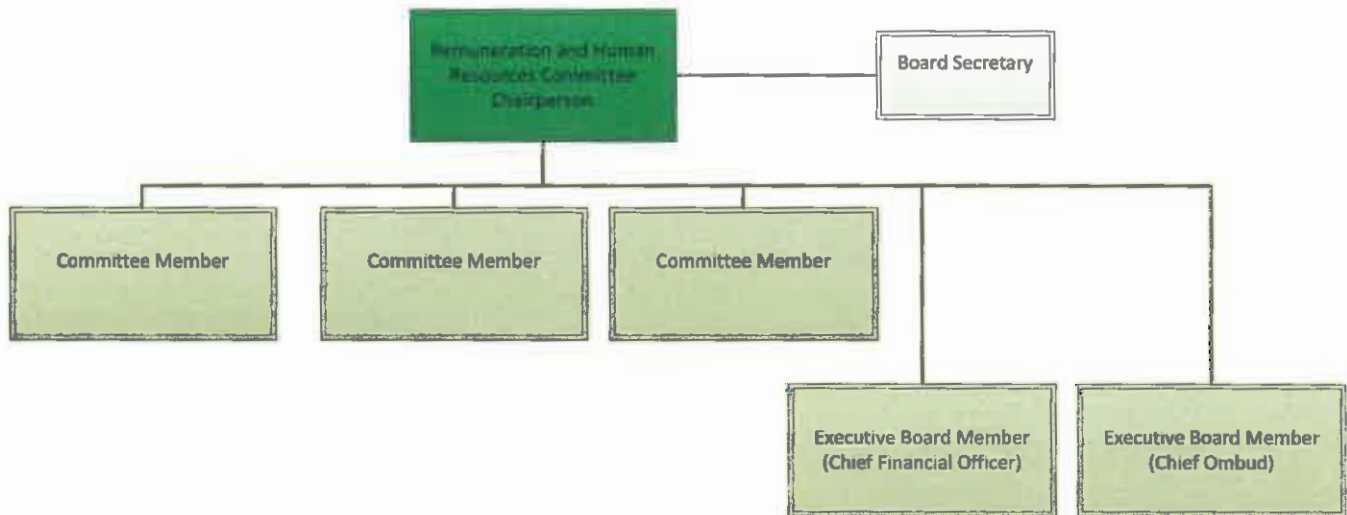


Figure 4: Remuneration and Human Resources Committee

Functions of the REMCO are:

- To ensure the organisation's financial and economic viability through the application of appropriate financial 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 funding model;
- To review and recommend any significant expenditure for approval to the board;
- To review and recommend any significant capital expenditure programme;
- To review and recommend the budget for approval by the board;
- To review and recommend financial policies for approval by the board.

9.2.2.2 Audit, Risk and Finance Committee

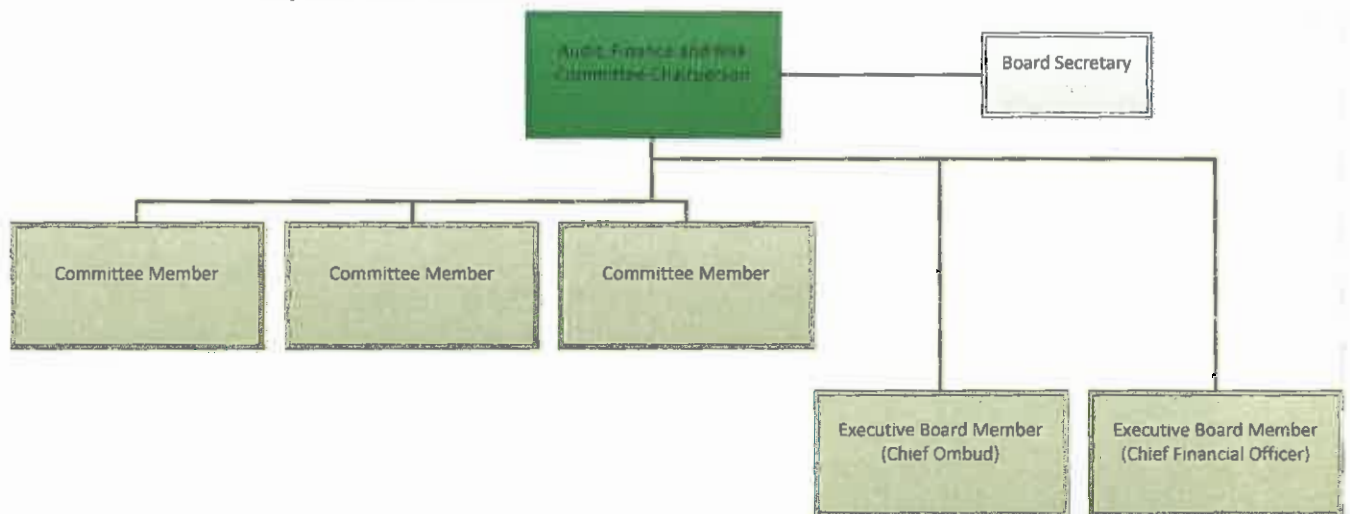


Figure 5: Audit, Risk and Finance Committee (Audit Committee)

Functions of the Audit Committee are:

- To create a conducive working environment for the undertaking of 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;
- To monitor implementation of audit plan, risk management plan and fraud prevention plan;

9.2.2.3 Adjudication and Governance Committee

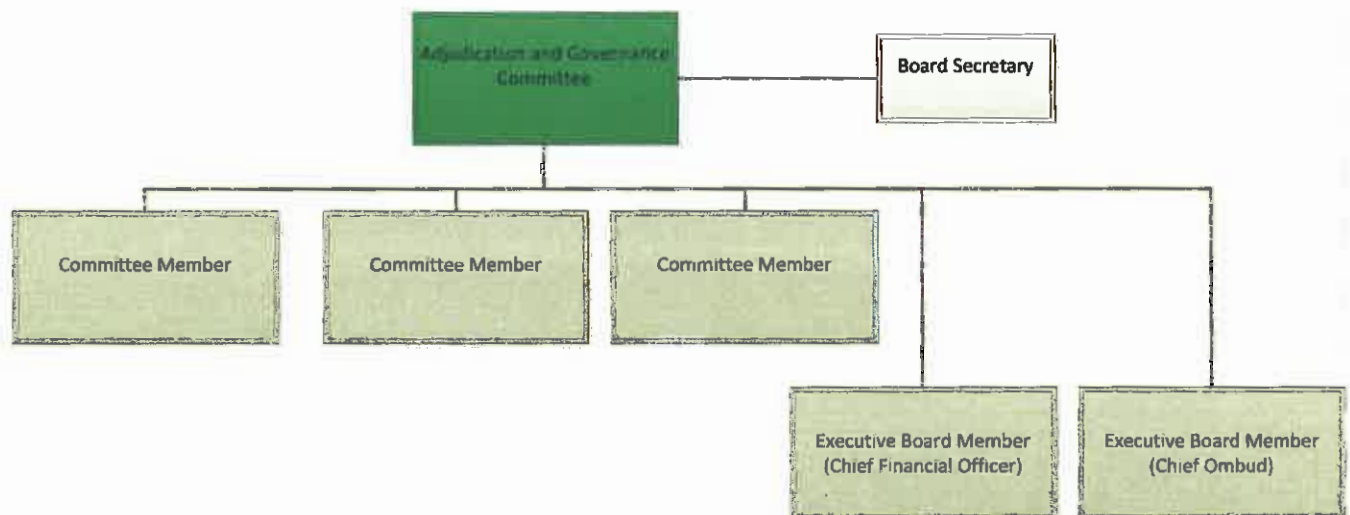


Figure 6: CSOS Adjudication and Governance Committee

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;
- To co-ordinate the provisioning of general legal advice and contract management and administration.

9.2.2.4 CSOS Levies, Regulation and Registration Committee

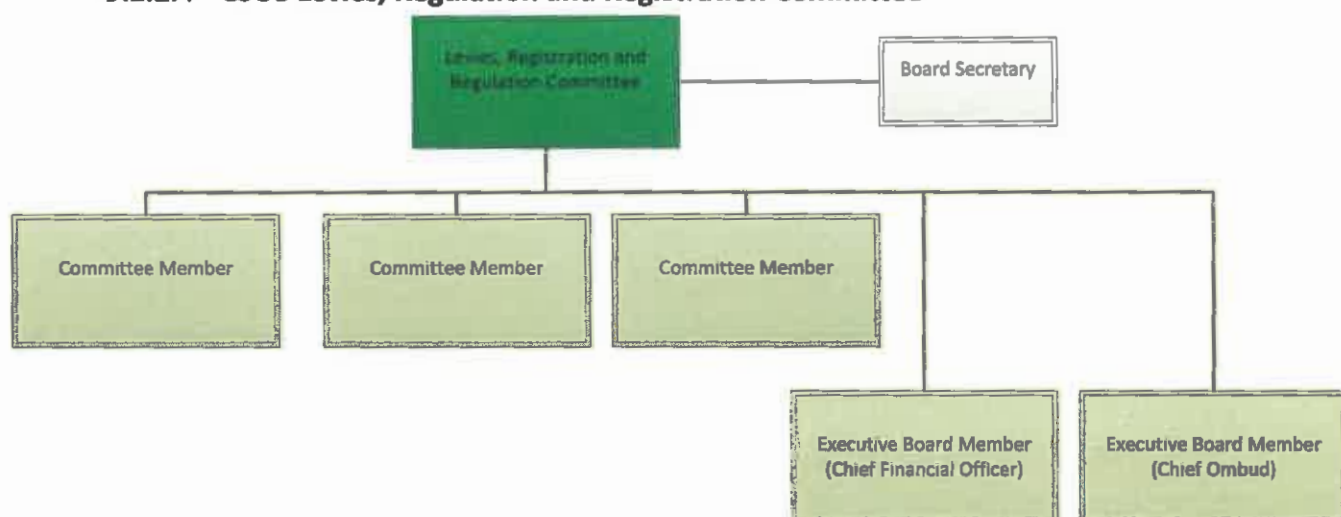


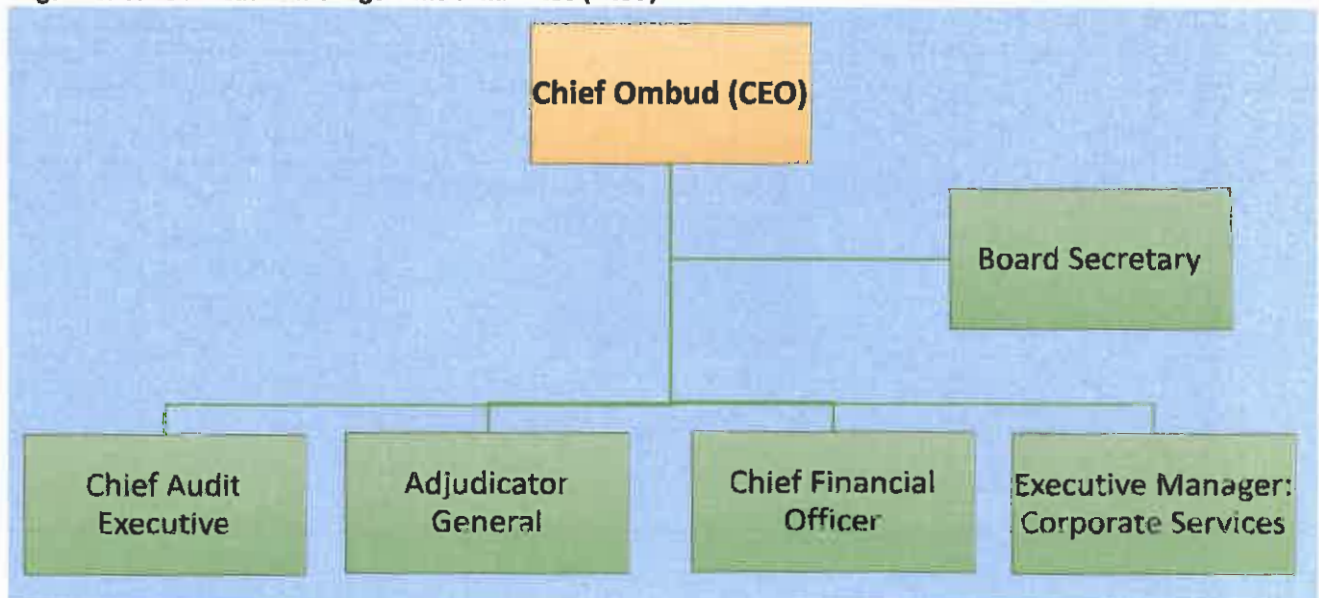
Figure 7: CSOS Levies, Regulation and Registration Committee

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;
- To establish a framework for the registration of Community Schemes.

9.2.2.5 CSOS Executive Management Committee (EXCO)

Figure 8: 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 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;

- To chair EXCO (reference to Figure 8 above) and present organizational reporting to the Board, including attending to State matters as per Board's Delegation of Authority.

9.2.2.6 CSOS Functional Divisions and Units

9.2.2.6.1 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
- Timely engages with CSOS Board appointed external auditors and documentation

9.2.2.6.2 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;
- 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;
 - 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.

9.2.2.6.3 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;
- To enhance prudent budget planning and control systems, processes and practices; and financial compliance and reporting.

9.2.2.6.4 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

9.3 Strategic planning process

9.3.1 Entity establishment and initial planning

The CSOS was established as a national public entity and the executive authority is vested with the Minister for Human Settlements. It derives its mandate from the CSOS Act. The CSOS Act was proclaimed into law by the President on **11 June 2011** and a Task Team was established to oversee the establishment process. The task directives of the Task Team were amongst others, obtaining approval of processes for the appointment of Board, Chief Ombud and Chief Financial Officer and an interaction/engagement with

relevant stakeholders. To speed-up the establishment process, a Service Provider was appointed to refine the CSOS Business Case, develop the Strategic Plan and Annual Performance Plan 2011-2012, develop internal processes, systems and policies and orientation of Board members.

The initial plans were later updated as it became clear that the establishment of the CSOS will not occur during the 2011/12 financial year.

The following key milestones were achieved:

- the CSOS Business Case was aligned and improved;
- the CSOS Annual Performance Plan 2013-2014 was completed, and
- the CSOS Strategic Plan 2013-2017 was formulated.

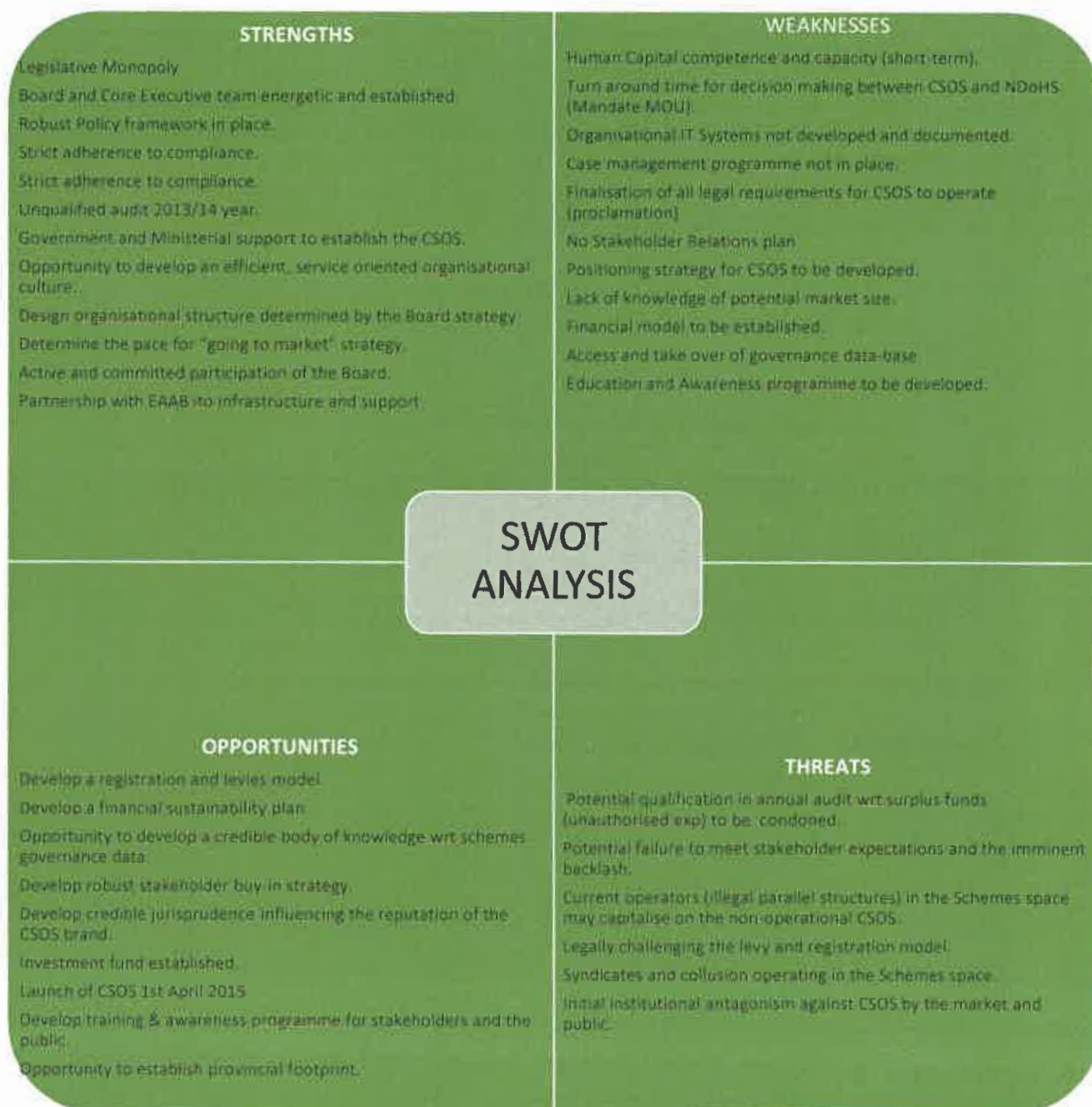
Key deliverables include:

- the appointment and orientation of the Board,
- development of internal processes, systems and policies and
- advertising for the position of the Chief Ombud and the Chief Financial Officer

9.3.2 Development of the Business Case

To provide the rationale for the establishment of the organisation, a comprehensive Business Case setting-out the case for a dispute resolution mechanism within community schemes was drafted. The original Business Case was drafted in tandem with the formulation of the Community Schemes Ombud Service Bill. After the promulgation of the Bill, there was a need to realign the Business Case with the Act. The alignment process has been accomplished.

9.3.3 CSOS Institutional Capacity – SWOT Analysis



Due to the funding constraints, the plan provides for a phased-in process to establish the entity commencing with the establishment of the Head Office in the 2014/15 financial year and three regional offices in Gauteng, KwaZulu Natal and Western Cape in the **2015/16** financial year whilst the Head Office operations commenced **1 July 2014**.

At the Board Strategic Planning session the above CSOS SWOT analysis was consolidated and agreed upon.

9.3.4 Strategic Plan revisions: changes and reasons

With the recruitment of the Chief Ombud and the Chief Financial Officer during 2014, the recruitment of other executive members was speeded up and completed in the last quarter of 2014/15 financial year. The next layer of critical staff was also recruited during that final quarter of 2014/15 and the in the first quarter of 2015/16. This then provided a strong basis for an in-depth elaboration of the CSOS mandate, and the analysis of the pre-existing Strategic Plan and Annual Performance Plans that had been drafted prior to the CSOS staff recruitment.

During that review, conducted in the 2nd and 3rd quarter of 2015/16 by the CSOS and Senior Management team, a number of major discrepancies became clear. These related to both the scope of operational plans and the associated resources required to deliver on those plan. In particular, a number of objectives were articulated in the Strategic Plan for delivery during the financial periods 2015/16 and 2016/17, and they were funded through the CSOS Levy income collectable during those financial years. Upon detailed analytical review, it became clear that the CSOS would not be in a position to achieve such levy income during the 2015/16 financial year due to the delays in the legislative processes required for such activities to take place. That income shortfall during 2015/16 has a knock-on effect on the service delivery targets going into 2016/17, which necessitated that the Strategic Plan for 2016/17 be reviewed as well.

For these reasons, the Five Year Strategic Plan for 2014/15 – 2018/19 was reviewed during the 2nd, 3rd and 4th quarters of 2015/16, and an update is presented in this document. The significant changes made relate to both the extent and timing of performance targets for the years 2015/16 through to 2018/19, and to the budget approvals and estimates for those respective financial years.

The changed budgeting principle contained in this strategic plan is the complete exclusion of any self-generated income stream, and the total reliance on the allocated government grant over the rest of this MTEF. It is emphasized that this is a precautionary measure of prudence, and does not change the intention for the entity to be fully self-funding by the next MTEF government planning cycle. Efforts to finalise the legislative instruments that allow the entity to deliver full services and raise its own income are going on unabated.

The updated targets are presented in the relevant sections below.

10 CSOS Strategic outcome oriented goals

Strategic Objectives	Strategic Goal Statements	Strategic Intent
Resolved Community Scheme Disputes	Establish and operationalise dispute resolution facilities.	Provide Community Schemes Dispute Resolution Services to all South Africans.
	Develop and implement a dispute resolution model.	To have a transparent dispute resolution process in place.
	Promote Good Governance of Community Schemes.	Educate the residents and body corporate structures of the elements of the Good Governance of Community Schemes
	Develop and implement a dispute resolution funding model.	Ensure that the revenue of the service is sufficient to meet the operational costs, whilst remaining an affordable dispute resolution service

Take custody and control of schemes governance documentation	Take-over the management of existing schemes governance documentation from the Department of Rural Development and Land Reform procedures	Take custody of the existing schemes governance documentation that is kept with the Department of Rural Development and Land Reform
	Control of schemes governance documentation	Implement a schemes governance documentation system
	Determine schemes governance documentation funding model	Ensure that the revenue of the service is sufficient to meet the operational costs relating to the storage, retrieval and submission of schemes governance documentation, whilst ensuring that the documentation is adequately protected and provided and access is provided in a cost effective manner.
Ensure that CSOS is an efficient, effective and sustainable organisation	Develop and implement financial policies, systems and controls	To ensure that the CSOS remains accountable for the public funds that it obtains or generates
	Develop and implement CSOS funding model	Ensure adequate and secured funding for the Organization
	Develop and implement supply chain management policies, processes and procedures	Ensure that the provisioning of goods and services is done in a compliant, fair and transparent manner and that the assets of the organization are properly managed
	Approval and implementation of the Risk Management Plan	Early identification of risks and the management thereof
	Scheduling of meetings, engagements and reporting to steer the organisation	Effective Board/ Management Administrative processes and reporting
	Implement the organisational structure for the CSOS	Adequate human resources capable of executing the mandate of the CSOS.
	Develop and implement the employee training programme	Adequate human resources capable of executing the mandate of the CSOS.
	Functional IT systems	Provision and maintenance of the information technology required in order for the CSOS to deliver on its mandate effectively and efficiently.
	Develop and implement the Communication, Marketing, Stakeholder Management, Customer Care framework.	Effective Communication, Marketing and Stakeholder Management.
	Design and maintain the Community Schemes database	Effective Communication, Marketing and Stakeholder Management and to provide data for the funding model activities and service capacity requirements.
Promote good governance in Sectional Titles and other community schemes	Provisioning of Legal Services	To administer the CSOS legislation and the contractual affairs of the service
	Maintain active engagement with industry stakeholders Register all community schemes in South Africa	Improved community schemes governance documentation Developed and approved Code of Conduct. Database created for community schemes in South Africa
Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa	Provide consumer education to consumers Provide training to adjudicators and conciliators Provide training for management agents of community schemes	An informed population and empowered population regarding their rights and responsibilities regarding community schemes living. To promote community schemes as a viable tenure option for the majority of South Africans

PART B: STRATEGIC OBJECTIVES

CSOS Programme information

CSOS Strategic Objectives:

- Provide a Dispute Resolution service for Community Schemes in South Africa
- Take custody and control of Community Schemes' governance documentation
- Ensure that the CSOS is an efficient, effective and sustainable organisation
- Promote good governance in Community Schemes
- Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa

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

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	R0 *	R0	R0

*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.

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

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
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* 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.

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.

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
	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	<ul style="list-style-type: none"> Building rentals Office Equipment leases Infrastructure 	3 Regional offices established (Gauteng, Kwa-Zulu Natal and Western Cape as Hub offices for all Provinces) R3 286 183 R87 655 R12 157 000	Review the adequacy of the existing operating model (policies, processes, and procedures) Approved Budget: R 2 432 476 Est. Budget: R3 432 746 R100 693 Approved Budget: R 0 Est. Budget: R1 500 000	Establish viable CSOS points of presence in 3 provinces R3 604 383 R105 728 R0	Establish viable CSOS points of presence in 3 provinces R3 784 602 R111 014 R0
	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

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

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)
	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.

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 owner:

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.

11 Resource considerations – 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 shoe-string government grant that has 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 that this is a transitional budgeting process, and shall be reviewed at the earliest opportunity once the legislative process reaches its climatic conclusion.

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)

BALANCE SHEET		ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
		2014/15	2015/16	2016/17	2017/18	2018/19
ASSETS						
	Property Plant and Equipment	2 113 000	9 014 633	3 786 267	949 400	582 200
	Furniture and Fittings (incl. Leasehold improvements)	1 694 000	6 478 133	3 537 267	700 400	333 200
	Office Machinery and Equipment	554 000	1 239 400	872 800	506 200	289 600
	Computer Equipment	246 000	195 400	144 800	94 200	43 600
	Motor Vehicles	894 000	5 043 333	2 468 667		
	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	1 339 975
	Short-term borrowing	55 000	55 000			
	Payables	682 000	2 485 748	127 982	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	3 825 043	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						
PPE		-2 029 000	-12 157 000	-	-	-
Intangible Assets		-1 832 000	-7 725 000	-	-	-
		-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.

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

Figure 9: CSOS Income 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			

Once the entity is promulgated into full operation, the levy income will become the second largest source of income. The period from which the levy income will commence is so uncertain that the CSOS management considers it prudent to exclude it completely during the current MTEF. If this situation changes during 2016/17, that will represent a major change in operational scope requiring the revision and resubmission of the Strategic Plan and the Annual Performance Plan in terms of the Framework For Strategic Plans and Annual Performance Plans.

Staff Costs

It is critical to recognise, at the very onset, that the CSOS is a service organisation, and thus is expected to be very people intensive. This was acknowledged and recognised in the original 5 Year Strategic

Planning document 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. 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.

Figure 10: Staff costs budget

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				

There is no plan to recruit any additional staff during the year due to budgetary constraints. On the contrary, there is a heightened risk of large scale staff loss, mostly at a senior level due to prevailing uncertainties. It is estimated that the entity will lose about a third of its staff during the first half of the year. The 2016/17 staff budget factors in a 33% staff reduction through that natural attrition (resignations) during the year. Management will work on measures to mitigate this risk through lobbying for the improvement of the conditions that are contributing to job security concerns.

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%

- **Operational costs**

Operational costs record the core functions of dispute resolution, community schemes database management and related activities, as well as the storage and management of the schemes governance documentation. This activity is the second largest consumer of expenditure. However, due to severe austerity measures, not much activity is planned for these core functions during the current year.

Figure 11: 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, incorporating the launch of the organisation. The funds for the launch **will** be sourced when the Regulations process nears the final proclamation by the President.

Figure 12: 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 target in the current MTEF for the national department. The CSOS intends to roll out extensive programmes in this areas during the planning

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

Figure 13: 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**

All efforts will be 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 period. However, there is always the unavoidable travelling between the entity's regional staff and head office, as well as between the CSOS and the Executive Authority programmes like out-of-town quarterly reviews, portfolio committees and other parliamentary requirements. Furthermore, the current "hub-and-spoke" model (Regional offices servicing other regions from their locations) necessarily entails a fair amount of travelling and accommodation. The budget austerity measures have drastically curtailed this expense to the bare legislative compliance minimum.

Figure 14: Travelling and Accommodation expenses

Travelling and Accommodation	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.

Figure 15: 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 Accommodation			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 a running office. It includes the rental of 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 delivered from another (hub) location.

Figure 16: Facilities and Infrastructure 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 Accommodation			75 000				
Training			75 000				
Evaluation			187 500				
Induction			52 500				
Other (debriefs, farewells, enquiries)			37 500				

- **General and Administration expenses**

This expense category includes costs that are necessary to run the office, achieve compliance, and maintain an efficient operation. The details are shown in Figure 17 below.

Figure 17: 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	36 000	36 000	31 000	31 000
Administration fees	349 000		0				
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	560 000	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	899 150	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				

12 CSOS Risk analysis and management

A strategic risk profile of the CSOS has been developed and confirmed by management structure. On an inherent level, the CSOS is still operating in high risk environment as it is still a new organisation under development. The inherent nature is dependent largely on processes, strategies, policy and working models under development, as well as control processes and environment not fully matured, and the same can be deduced regarding the level of exposure. There are greater opportunities for the risk profile to change positively with management actions effectively implemented.

The table below highlights the residual exposure of the strategic risks.

STRATEGIC RISK REGISTER FOR CSOS

RISK NO	RISK DESCRIPTION	RESIDUAL RISK	MANAGEMENT ACTION
Strategic Objective 1: Provide a dispute resolution service to the Community Schemes in South Africa			
1	Inability to implement the CSOS Act.	High	Facilitate the Proclamation of the CSOS Regulations
2	Inability to conciliate and adjudicate on disputes.	High	Facilitate the Proclamation of the CSOS Regulations
3	Legal challenge/contestation of the levy and registration model	High	Consultation and engagement with stakeholders to address the value derived from the Community Schemes Ombud Services
Strategic Objective 2: Take custody and control of Community Schemes' governance documentation			
4	Accuracy, availability, integrity and reliability of information/ data - access and take-over of governance database/document.	High	Engagement with the various stakeholders to assist the CSOS with the information.

5	Lack of knowledge of quantity of scheme governance documentation for all schemes.	High	Conduct an audit to confirm the number and location of the community schemes in the country
Strategic Objective 3: Ensure that CSOS is an efficient, effective and sustainable organisation			
6	Financial sustainability – lack of funds and delays in revenue collection	High	Finalisation of the proclamation of the CSOS Regulation Preparations of the implementation of the revenue collection and management
7	Non-compliance to applicable laws, policies and regulations leading to irregular expenditure	High	Management should ensure proper compliance to policies, procedures and applicable laws
8	Organisational Information and Communication Technology Systems not developed and implemented.	High	Develop and implement a functional Information Technology Plan Appropriate Information Technology systems (Enterprise Resource Planning - ERP) implemented. Implementation of Disaster Recovery
9	Inadequate budget to fill vacant posts	High	Due to budget limitation management will identify critical and prioritise vacant post and fill them on a need basis. Proclamation of the CSOS Regulations that will allow for collection of levies.
Strategic Objective4: Promote good governance in Sectional Titles and other Community Schemes			
10	Inability to implement the STSMA	High	Facilitate the proclamation of the STSMA Regulations
11	Lack of participation by Executive Committee of the Community Scheme	High	Bringing awareness and training to Executive Committee

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

12	Insufficient buy –in from key stakeholders	High	Engage various stakeholders with the aim to bring awareness of the roles of CSOS within the Community Schemes
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PART C: LINKS TO OTHER PLANS

13 CSOS Links to other plans

The CSOS does not link 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.

Figure 18: Capital acquisition programme

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

14 CSOS Stakeholders and Partners

Figure 19: Stakeholder and partner list

Name of Entity	Area of Interactions/Relationship
National Home Builders Registration Council	Construction related disputes.
Social Housing Regulatory Authority	Disputes arising within social housing projects
Estate Agency Affairs Board	Community schemes related disputes
District and Local Municipalities	Identification of database of community schemes
Provincial Departments of Human Settlements	Referral of disputes to CSOS
Department of Rural Development and Land Reform	Transfer of schemes governance documentation
Department of Justice and Constitutional Development	Compliance Issues/Applicable acts, policies or structures of the judiciary.
National Treasury	CSOS funding
Department of Social Development	Identification of Retirement Housing Schemes
Department of Trade and Industry	Disputes affecting mixed-used developments
Social Housing Regulatory Authority	Disputes affecting owners/occupiers and determination of levies payable

ACRONYMS

AGO	Adjudicator General Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoGTA.....	Cooperative Governance and Traditional Affairs
COM.....	Committees
CPI.....	Consumer Price Index
CSOS	Community Schemes Ombud Service
CSOS Act	Community Schemes Ombud Service Act, 2011 (Act 9 of 2011)
Dev.....	Development
DG	Director General
DPSA	Department of Public Service and Administration
DRDLR.....	Department of Rural Development and Land Reform
DRO.....	Dispute Resolution Officer
EXCO	Executive Committee
GP	Gauteng Province
HOA	Home Owners Association
HR	Human Resources
HRD.....	Human Resources Development
HRM	Human Resources Management
IT.....	Information Technology
KPA	Key Performance Area
KPI.....	Key Performance Indicator
KZN	KwaZulu Natal
M&E.....	Monitoring and Evaluation
MoF.....	Minister of Finance
MoHS.....	Minister for Human Settlements
MP	Member of Parliament
MTEF.....	Medium Term Expenditure Framework
MTSF.....	Medium Term Strategic Framework
NDHS.....	National Department of Human Settlements
NT	National Treasury
PEST	Political, Economic, Social and Technological
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
REMCO.....	Remunerations, Finance and Human Resource Committee
RSB.....	Retention Service Bonus
SA.....	South Africa
SALGA	South African Local Government
SAPOA.....	South African Property Association
SCM.....	Supply Chain Management
Sectional Titles Act	Sectional Titles Act, 1986 (Act 95 of 1986)
SLA	Service Level Agreement
SWOT	Strengths, Weaknesses, Opportunities and Threats
VAT	Value Added Tax
WC	Western Cape Province

