



*"A Promise Delivered"*

**ANNUAL REPORT**

**2020-2021**

**Prepared in Terms of**

**Section 121 of the Municipal Finance Management Act, 56 of 2003 and section  
46 of the Municipal Systems Act, 32 of 2000**



## **CORPORATE ADMINISTRATION**

### **Thabatshweu Housing Company (Pty) Ltd.**

Company Registration Number: 2005/012521/07

Bankers FNB

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Polokwane

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**Website:** [www.polokwane.gov.za](http://www.polokwane.gov.za)

**Auditors:** Auditor General – South Africa

**Directors:** Ms. Sara Mashabela - Board Chair

Ms. Asnath Kgosana

Matsobane Gololo

Oupa Galane

Samson Vilakazi

Shimi Maimela – Chief Executive  
Officer

**Company Secretary** Modjadji Rampheri

## **CONTENTS**

<b>CHAPTER 1: FOREWORD BY THE EXECUTIVE MAYOR .....</b>	<b>5</b>
<b>CHAPTER 2: CHAIRPERSON'S OVERVIEW.....</b>	<b>7</b>
<b>CHAPTER 3: CHIEF EXECUTIVE OFFICER'S REPORT.....</b>	<b>9</b>
<b>CHAPTER 4: INTRODUCTION AND CORPORATE PROFILE .....</b>	<b>11</b>
<b>CHAPTER 5: DIRECTORS' REPORT AND GOVERNANCE.....</b>	<b>13</b>
<b>5.1 COMPANY SECRETARY REPORT.....</b>	<b>13</b>
<b>5.2 BOARD OF DIRECTORS.....</b>	<b>13</b>
<b>5.3 BOARD COMMITTEES .....</b>	<b>14</b>
<b>5.4 PROPERTY, CONTRACTS &amp; PROJECTS.....</b>	<b>16</b>
<b>5.5 FINANCE AND RISK COMMITTEE .....</b>	<b>26</b>
<b>5.6 HUMAN RESOURCE AND REMUNERATION COMMITTEE.....</b>	<b>34</b>
<b>5.7 SOCIAL AND ETHICS COMMITTEE .....</b>	<b>38</b>
<b>5.8 SOCIAL AND ETHICS.....</b>	<b>42</b>
<b>CHAPTER 6: PAST YEAR'S ANNUAL REPORT (2020/21) AND PROGRESS ON RESOLVING PROBLEMS IDENTIFIED IN THE ANNUAL REPORT .....</b>	<b>45</b>
<b>CHAPTER 7. SERVICE DELIVERY PERFORMANCE.....</b>	<b>46</b>
<b>7.1 Service Delivery Performance and Challenges During The 2020/21 Financial Year 46</b>	
<b>7.2 Core Business / Basic Service Delivery.....</b>	<b>48</b>
<b>7.3 Financial Viability.....</b>	<b>50</b>
<b>7.4 Governance and Transformation.....</b>	<b>52</b>
<b>CHAPTER 8 – AUDITOR GENERAL AUDIT FINDINGS .....</b>	<b>59</b>
<b>8.1 Analysis of the audit opinions over the past five financial years .....</b>	<b>59</b>
<b>CHAPTER 9: FINANCIAL PERFORMANCE.....</b>	<b>60</b>
<b>9.1 ANALYSIS OF REVENUE COMPONENT OF FINANCIAL STATEMENT.....</b>	<b>60</b>
<b>9.2 ANALYSIS OPERATING EXPENDITURE COMPONENT OF FINANCIAL STATEMENT .....</b>	<b>60</b>
<b>9.3 ASSET AND LIABILITY MANAGEMENT COMPONENT OF FINANCIAL STATEMENT .....</b>	<b>60</b>
<b>9.4 LIABILITY MANAGEMENT .....</b>	<b>61</b>
<b>9.5 COMPLIANCE COMPONENT OF FINANCIAL FINANCIAL STATEMENT .....</b>	<b>61</b>
<b>9.6 CASH FLOW MANAGEMENT .....</b>	<b>61</b>
<b>9.7 BORROWING AND INVESTMENTS.....</b>	<b>61</b>
<b>ANNEXURES .....</b>	<b>63</b>
<b>Annexure A: 2020-2021 Annual Financial Statement .....</b>	<b>63</b>

**Annexure B: 2020-2021 Audit Report ..... 63**

## CHAPTER 1: FOREWORD BY THE EXECUTIVE MAYOR



The year under review has been a challenging one as we have just come out of a hard lock down due to COVID 19 pandemic that have travelled around the globe a speed like a bold of lightning. There was a need to adapt and perform our duties in the new normal environment. The truth is, the pandemic is still upon us and we have to observe all COVID 19 protocols in order to stay save and survive this pandemic.

Polokwane Housing Association has been around for quite a while and it can't be business as usual when certain deliverables are not delivered.

You have been struggling with normalizing the situation at Ga-Rena, obtaining unqualified audit report with emphasis of mater over a number of years. I am here to challenge you to lift the bar of performance to a whole new level.

In response to this challenge, at our resent strategic planning session, the CEO of the entity, Shimi Maimela committed to making Polokwane Housing Association a well-functioning Municipal Entity. I will hold him and the Board to that commitment.

Here are some of the low hanging fruits that I further expect the entity the start with in becoming a well-functioning Municipal Entity: from entity:

1. Become Mscoa compliant and not drag its shareholder behind in this regard.
  
2. Improve your unqualified audit report to a clean audit report. The entity is small and should do better than obtaining an Unqualified report.
  
3. Attend to glaring maintenance issues at Ga-Rena Rental Village and turn this project into a habitable living environment.
  
4. There is an urgent need for providing student accommodation in the jurisdiction of Polokwane Municipality. Urgent implementation of this project will assist the entity towards becoming sustainable and optimizing profits at the same time.
  
5. Completing and handover of Annadale x2 is critical as this will lessen the entity's dependence on the Municipality for financial assistance. The project must be tenanted with financially viable vetted tenants who have a track record of paying their creditors well.

The year ahead will be an uphill as you strive to meet this challenges that the entity faces. I can assure you that you have my undivided support as you move Polokwane Housing Association towards becoming what it should be.

**Cllr M.J. MPE**

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**EXECUTIVE MAYOR**

## CHAPTER 2: CHAIRPERSON'S OVERVIEW



I am thankful for the opportunity to present my third annual report since our appointment as a board of directors for Thabatshweu Housing Company trading as Polokwane Housing Association (PHA) during an unprecedented time when the whole world is recovering from the catastrophic impact of Covid 19 which has ravaged the world. We believe that we are through our worst and we can move caustically towards performing our duties in a way that enable us to catch up with the impact of COVID 19 . There are no reported incidents at the offices the PHA which it shares with the Municipality's Secretariat and Municipal Public Accounts Committee (MPAC) staff on the first floor West Wing of Polokwane Municipality.

The Annadale Extension project which started on full speed in June 2019 with the purpose of completing the project in March 2021 has been negatively delayed by the lockdown which the South African Government imposed on all the people of South Africa and its businesses. The new anticipated completion time of the project is late in 2021. Only 70% of the work is completed on this project with 75% of the value of work paid for the development of the project including materials on site. The project comprises of one two storey and ten three storey buildingsThe number of rental housing units that will be delivered on the projects is 494.

It is anticipated that the first tenants to our brand new development will take occupation early 2022.

### **CHALLENGES:**

Implementation of the following projects have been delayed:

- 240 Social housing units at Polokwane Ext 76
- 754 GAP market housing units at Polokwane Ext 107
- 456 student beds at Polokwane Ext 108

The main reason for the delay is attributed to challenges in raising counter funding of 30% for Polokwane Ext 76 and securing 100% funding required for the delivery of Polokwane Ext 107 and 108 projects. PHA will continue to seek creative ways of getting the above projects funded through Built Operate and Transfer (BOT) model.

Ga-Rena Rental Village is our first and most problematic project since inception with tenants boycotting rentals and performing criminal activities within the village. With the appointment of a new security company that provides static security and intervention services and furthermore the action plans management has put in place, I believe that this project will be turned around.

#### **APPRECIATION:**

As the PHA, we are highly indebted to our Shareholder, Polokwane Municipality, under the stern leadership of Executive Mayor, CLLR Thembisile Nkadimeng, the MMCs for Housing and Finance for continuing to provide continuous political oversight which keeps us on our toes. I also wish to thank the Board of Directors of the PHA and management for doing their part in ensuring that the entity delivers based on its mandate.

I look forward to an exciting and rewarding year ahead as we move towards successful implementation of other projects and completing the Annadale Ext 2 project. Accordingly, I submit the PHA's Annual Report for 2020/202 on behalf of the Board of Directors.

**MS. SARAH MASHABELA Pr. Pln, MAMT, MICTC (Australia)**

**BOARD CHAIRPERSON**



## CHAPTER 3: CHIEF EXECUTIVE OFFICER'S REPORT



Polokwane Housing Association has been able to attain the following critical milestones based on its key performance areas outlined in its Annual Performance Plan during the period under review. The three key performance areas PHA was focusing on are, Core Business, Financial Viability, Good Governance and organizational transformation

### **Core Business**

One of the key highlights during 2020/2021 is the construction of Annadale Extension 2. This project is the construction of 494 Social Housing Units. This will see the number of housing units managed by the PHA increasing from 697 to 1191. The successful completion and management of this project will enable the PHA not to depend on its shareholder for operational grant that has been the case since inception.

Ga-Rena Rental village continued to be a challenge of a project to turn around. Finally, the entity has met a progressive milestone with the new tenants Committee to implement steps that will bring the project to normal since the project was plagued by rental boycotts and criminal activities on site. The situation at the project has been restored with the appointment of MEG Security Services who provide the entity with static and intervention services

### **Financial Viability**

Rental collection decreased from 29.15% to 26.29 during the period under review. Rental boycotts has contributed to the status quo. Now that the entity has made progress with starting allocation of vacant housing units and regularization of sub-lets

on Ga-Rena Rental Village. Management has further put action plans to turn around rental collection at the projects. The performance of rental collection at the Seshego Community Residential Units continued to stabilised at 95%. Management plans are to bring rental collection to the same level as the Seshego Community Residential Units.

### **Transformation**

In an effort to strive to obtain an improved audit report, the entity has been able to address all issues raised by the Auditor General and Internal auditors. Management also is currently looking at areas that need attention to ensure that the entity achieves the best audit opinion and the full accreditation status with the Social Housing Regulatory Authority.

### **Acknowledgements**

I would like take this opportunity to thank the Shareholder for their continued leadership and support to PHA without which PHA would not have been able to function as an organization. I would like thank the Board of Directors for providing the much needed strategic direction and support to PHA during these difficult times.

The support PHA receives from our stakeholders like CoGHSTA, the SHRA, etc. to enable the entity to carry out its mandate is highly appreciated

Without the commitment of management and staff who are thinly spread on the ground and yet performing their duties with drive our work would have been even more difficult to perform. Their contributions are highly appreciated.

The contributions of the new tenant's committee are acknowledged and I look forward to continue to have a fruitful working relationship them.

**SHIMI MAIMELA**  
**CHIEF EXECUTIVE OFFICER**

## **CHAPTER 4: INTRODUCTION AND CORPORATE PROFILE**

### **Vision**

To be the premier provider of innovative and sustainable living

### **Mission**

To promote smart living for a diverse market through delivery of sustainable and affordable homes

### **Our Values**

- Accountability
- Efficiency
- Innovation
- Honesty
- Participation

### **Our principles**

- Improved Quality of Living
- Improved Confidence of PHA in the Social Housing Industry
- Improved administrative and governance capacity
- Improved efficiency and effectiveness of the PHA Administration
- Enhanced Revenue and Asset base

The Polokwane Housing Association (SOC) Ltd was previously registered and established as a Section 21 Company in terms of the Companies Act in 2002 and in 2005 registration was changed to Ga-Rena Rental Village (proprietary). The registration and establishment was subsequently changed and PHA is now registered

as a PTY Limited company in terms of section 86 of Municipal Systems Act. The registered name is Thabatshweu Housing Company (PTY) Ltd Registration No (2005/012521/07) trading as Polokwane Housing Association.

The Mandate of PHA as per its revised MOI, is to develop and manage:

- integrated Human Settlements
- Social and Non-Social Housing
- Rental housing units within the Gap Market

As a Municipal Entity entrusted with managing rental housing units, PHA is required to comply with all the Municipal Finance Management Act, Act No. 56 of 2003, the Municipal System Act, Act 32 of 2000, the Companies Act, Act No 71 of 2008 the Housing Code, the Social Housing act of 2008 and all other relevant legislation applicable to the municipal entity.

The mandate includes amongst others, the responsibility for administrative processes, accounting and financial management, tenant liaison, policy and guideline formation, capital raising, agency role and other functions that PM may require in applying the principles of social housing in Polokwane. The mandate has been extended to include participating in the non-social housing rental space. I.e. gap market and profit making rental housing.

## **CHAPTER 5: DIRECTORS' REPORT AND GOVERNANCE**

### **5.1 COMPANY SECRETARY REPORT**

The entity has addressed the following compliance issues such, as amongst others during the year under review:

- Lodge the annual returns with CIPC.
- The Company Secretary position that was vacant was subsequently filled at year end.
- The appointment and or extension of the board and its members.
- Holding a successful strategic planning session with all the members present and meaningfully participating.

Holding a successful Annual General Meeting with all the members and the stakeholders present in the meeting.

### **5.2 BOARD OF DIRECTORS**

The Board of directors continued to perform its oversight functions and provided strategic leadership and guidance to the CEO and the management team during the year under review. The Board has the responsibilities for managing the affairs of the Company, its direction, program priorities, resource allocations and both financial performance and planning the future of direction of the Company. The Board is able to execute its full responsibilities and functions with the support and corporation of staff members in the Company.

Below are the Board meetings that were planned and successfully attended for the year under review:

<b>Date</b>	<b>Ms. Sara Mashabela – Chairperson of the Board</b>	<b>Ms. Asnath Kgosana</b>	<b>Mr. Matsobane Gololo</b>	<b>Mr. Oupa Galane</b>	<b>Mr. Samsorn Vilakazi</b>	<b>Mr. Hyven Kholophe</b>	<b>Mr. Shimi Maimela – Chief Executive Officer</b>
09 Aug 2020	✓	✓	✓	✓	✓	✓	✓
25 Oct 2020	✓	✓	✓	✓	✓	✓	✓
31 Jan 2021	✓	✓	✓	✓	✓	✓	✓
02 May 2021	✓	✓	✓	✓	✓	✓	✓
Sopholis Chuene – Manager in the CEO’s office – 09 Aug 2019, 25 Oct 2020, 31 Jan 2021 and 02 May 2021							
Modjaji Rampheri- Acting Company Secretary- 02 May 2021							
Mathaba Pheeha – Secretariat – 09 Aug 2019, 25 Oct 2020, 31 Jan 2021 and 02 May 2021							

### **5.3 BOARD COMMITTEES**

The Companies Act 71 of 2008 as amended, provides the board with the power to appoint board committees; and to delegate to such committees any of the authority of the board. Board Committees serve as a vital and important tool in aiding the Board. After all, a Committee’s intended mission is to support and assist the Board in carrying out its responsibilities.

All the board committees are comprised of the respective chairperson(s), members of the committees and the stakeholders together with the CEO of the company and report to the board on all the progress made, challenges experienced and milestones achieved in the execution of their duties.

Dysfunctional Committees however, can have the adverse effect, creating long-lasting negative issues for both the board and the community at large.

The explanation below gives clarity to the roles, responsibilities and performance of the various Board Committees during the term under review.

**The Board is comprised of the following committees:**

- **Property, Contracts and Projects, (PCP)**

The key responsibility is to provide effective and efficient oversight of the company's property, movable or immovable property. The committee provides sound directive management and measures of the projects within the company and intervention for challenges that hinder progress of projects.

- **Finance and Risk, and (FRC)**

The key responsibility of the committee is to provide effective financial management and serves to oversee the company's finances to ensure transparency and accountability and ensuring mitigation of risks that may result from financial negligence.

- **Human Resource & Remuneration (HR&REMCO)**

Human capital is important for the company to ensure maximum operations. The committee is responsible for equipping employees with the relevant tools of trade and skills to ensure maximum efficiency and high staff morale amongst others.

- **Social and Ethics**

Without any code of conduct in the manner of operating and or responsibilities. Ethics are a very important component of good governance. The committee is responsible for ensuring that stakeholders relations remain an important part of the company to maintain the integrity and ensure success of the company.

## **5.4 PROPERTY, CONTRACTS & PROJECTS**

### **5.4.1 MANDATE OF THE COMMITTEE**

The Committee is mandated to perform the following duties:

- a) To ensure effective, efficient and economic use of the rental stock.
- b) To ensure that the organization render service of high quality to client
- c) To recommend to the board that competitive designs and standards are maintained.
- d) Shall research and assist the company in keeping abreast with development in the housing environment
- e) Shall be responsible for rental and tenancy policies
- f) Shall investigate and address the complaints of the clients
- g) To consider all issues in relating to property development and management.
- h) To review policies, methodology and procedure in connection with the consideration and approval of projects and management thereof, recommendations on applications to be delegated to officials.
- i) To consider and recommend to the Board, appropriate parameters for the determination of applications to be delegated to officials.
- j) To monitor the exercise of these delegated power and the compliance of officials with the parameters set.
- k) To recommend rentals and other service charges and consider increments thereof

### **5.4.2 COMMITTEE STRUCTURE**

The Committee is constituted by two (02) Board of Directors and two officials, namely:

- Oupa Galane – Chairperson (Non-Executive Director)
- Matsobane Gololo – Non-Executive Director
- Shimi Maimela - Chief Executive Officer (Director) and
- Robert Maetisa - Property Manager
- Sopholis Chuene – Manager Office of the CEO



- Ms Mathaba Pheeha – Secretariat

Messrs. Chuene, Maetisa and Mathaba Pheeha are permanent invitees to the Committee

### **5.4.3 COMMITTEE MEETINGS AND ATTENDANCE**

According to the year plan, the committee is expected to have four scheduled meeting. During the period under review, the committee managed to hold three scheduled (3) meetings (1<sup>st</sup> to 3<sup>rd</sup> quarter).

<b>Names</b>	<b>Q1 26 July 2020</b>	<b>Q2 18 Oct 2020</b>	<b>Q3 24 Jan 2021</b>	<b>Q4 22 April 2021</b>
Mr Oupa Galane – Chairperson	✓	✓	✓	✓
<b>Mr Matsobane Gololo</b>	✓	✓	✓	✓
<b>Mr Shimi Maimela</b>	✓	✓	✓	✓
<b>Mr R Maetisa</b>	✓	✓	X	✓
<b>Mr Sopholis Chuene</b>	✓	✓	✓	✓
<b>Ms Mathaba Pheeha</b>	✓	✓	✓	✓

### **Policies**

On an annual basis the committee review its policies to be in line with the changing circumstances / environment so as to meet the needs of the tenants and legislative prescripts. The following policies were reviewed by the committee and adopted by the board during the period under review:

- Housing Stock Development and Acquisition
- Property Management Policy
- Property Administration Policy
- Property, Contracts and Projects (PCP) TOR
- Tenants Committee Charter

#### **5.4.5 Property Management Delivery Performance**

The Property Management Department covers facilities management and tenant services, which includes: administration of waiting lists; allocation of tenants; lease administration; tenancing; repairs and maintenance; cleaning and gardening; safety and security; and general upkeep of communal areas. Details of performance in respect of the above functions is given below per project.

#### **Portfolio Managed by PHA**

##### **Seshego Community Residential Units (CRU)**

##### **Overview of the Complex**

Seshego Community Residential Units (CRU) is a rental housing project targeting lower income band of the market. Qualifying beneficiaries should be earning R1 500 – R7 500. The project has 189 rental units which comprise of 13 one bedrooms, 167 two bedrooms, 09 leave and work units (ground floor retail space and bedrooms 1<sup>st</sup> floor) and 04 shops. The project is performing fairly well.

##### **Ga Rena Rental Villages**

The Ga-Rena residential complex has 508 rental units constituted by 86 blocks. The project is meant to cater for tenants with income range of R3 500 – R15 000. Performance of the portfolio has been difficult for years due to rent boycott and protests. Gradually, the reconciliation is taking shape and normalization could be achieved soon.

##### **Sub-letting**

The sub-letting of units was exacerbated by the following:

- unavailability of PHA staff in the complex due to said lock-out,
- tenants who found permanent residents were not terminating the lease or handing the unit back, instead, they put other people in the unit without the PHA's knowledge.
- During the lock-out, there was a cabal of tenant who were leading the protest and they were allocating and removing people from the units.

Verification assisted with establishment of occupation status. A call was made to all the sub-lets and or non-leaseholders to be regularized as legitimate tenants. A handful of tenants came forth and they were regularized. Others still remain sub-lets. PHA engaged the services of an

Attorney to apply for eviction of 130 illegal occupants in Polokwane High Court. The said occupants have been served with notices of motion and the court date is scheduled for 20 and 22 August 2021. The lease agreement of the original tenants has been terminated.

The table below highlights summary of performance in key performance areas (KPA's) in both projects.

**Summary of performance per Key Performance Area (KPA) in Seshego CRU and Ga Rena rental Village Respectively**

Name of Project	Lease Management	Waiting List Management	Repairs and Maintenance	Cleaning & Gardening	Safety and Security
<p><b>Seshego Community Residential Units</b></p>	<p>The lease agreements expired and new leases for renewal for those who qualifies will be concluded in the 1<sup>st</sup> quarter of 2021/22 financial year. To validate or legitimise the continued occupation of the unit by tenant with expired lease agreements, PHA invoked <b>Clause 5.5 of the Rental Housing Act, 2007 as amended</b>, which provides that:</p> <p><i>5. (5) "If on the expiration of the lease the tenant remains in the dwelling with the express or tacit consent of the landlord, the parties are deemed, in the absence of a further written lease, to have entered into a periodic lease, on the same terms and conditions as the expired lease, except that at least one month's written notice must be given of the</i></p>	<p>Allocation of tenants is guided by the entity's administration policy and the maintained database is used as the main source of tenaning.</p>	<p>It should be noted that maintenance conducted on the project is reactive maintenance. Planned maintenance will be conducted in the next financial year, a request for planned maintenance budget has been requested from the Provincial Department of CoGHSTA as per the provision of the CRU guidelines.</p>	<p>As Polokwane is a water scarce Municipality, a strategic decision was taken to opt for dry gardening instead of wet gardening. This approach conserves the much needed water to cater for household needs. Cleaning of the complex and the gardens is done weekly as per cleaning rooster.</p>	<p>The complex is operated with an access control boom gate and finger print security system. There is a 24-hour security on the complex who perform access and guarding services. The old security contract expired, Supply Chain Management (SCM) process were undertaken to procure the services of a new company. The new company assumed their duty on 01 May 2021.</p>

Name of Project	Lease Management	Waiting List Management	Repairs and Maintenance	Cleaning & Gardening	Safety and Security
	<i>intention by either party to terminate the lease”.</i>				
<b>Ga Rena Rental Village</b>	<p>Majority of the leases have expired and they were not renewed for some years. This is due to the conflict that arose between the PHA and the tenants. At some point it became violent to a point that PHA was locked out of the complex (access restricted to all staff and PHA agents).</p> <p>Thorough engagements were embarked on and are still underway, to find each other and get the tenants to renew lease agreements. As a start, tenant occupation verification status was conducted, and we now know who is occupying our units. Illegal occupants who were found to be occupying our units, have been engaged and they have regularised their stay by signing lease agreements</p>	<p>For the financial year under review, there was no allocation made to new tenants except regularization of the illegal occupants of the units. The board condoned the action.</p>	<p>Since there are some tenants who are not paying their monthly rental, the reactive maintenance performed is targeted to those who pay and defaulters are not attended to except in cases of water leaks.</p>	<p>Cleaning is being performed weekly as per approved roster.</p>	<p>The complex is operated with an access control boom gate and finger print security system. There is a 24-hour security on the complex who perform access and guarding services. The old security contract expired, Supply Chain Management (SCM) process were undertaken to procure the services of a new company. The new company assumed their duty on 01 May 2021.</p>

Name of Project	Lease Management	Waiting List Management	Repairs and Maintenance	Cleaning & Gardening	Safety and Security
	<p>with PHA and made the necessary payments.</p> <p>New lease agreements which have been developed and there is still reluctance to sign, but engagement are at an advanced stage. To validate or legitimise the continued occupation of the unit by tenant with expired lease agreements, PHA invoked <b>Clause 5.5 of the Rental Housing Act, 2007 as amended</b>, which provides that:</p> <p><i>5. (5) "If on the expiration of the lease the tenant remains in the dwelling with the express or tacit consent of the landlord, the parties are deemed, in the absence of a further written lease, to have entered into a periodic lease, on the same terms and conditions as the expired lease, except that at least one month's written notice must be given of the intention by either party to terminate the lease".</i></p>				

<b>Name of Project</b>	<b>Lease Management</b>	<b>Waiting List Management</b>	<b>Repairs and Maintenance</b>	<b>Cleaning &amp; Gardening</b>	<b>Safety and Security</b>

Performance Indicators on Quarterly basis	Q1	Q2	Q3	Q4
Occupation Rate	93.30%	91.01%	91.30%	92.11%
Collection Rate	31.17%	28.60%	34.50%	26.13%

## **HOUSING STOCK DEVELOPMENT AND ACQUISITION**

### **Overview**

In a bid to develop and manage social housing, the City of Polokwane, established Thabatshweu Housing Company t/a Polokwane Housing Association (PHA) a Municipal entity in terms of the Municipal Systems Act.

The entity's main focus is to develop and manage social housing and to promote housing delivery for a range of income groups in such a way as to allow integration and cross subsidization. It is therefore PHA's objective to provide social housing in such a way that most appropriately addresses the variety of challenges experienced in the housing sector.

PHA adopted a Property Development Strategy in 2016 to enable the company to increase its portfolio and the revenue base. In doing so, a Public Private Partnership (PPP) model was among the strategies to be applied by the company. Consultants were appointed to conduct feasibility studies in the following housing programmes to establish viability of the proposed projects: *Social Housing (Annadale Ext 2)*, *Student Accommodation* and *Gap Housing*.

The Pre-feasibility studies yielded positive results (proved the feasibility of the projects). The Parent Municipality, together with the Board of Directors approved the implementation of the projects. Transactional Advisors were appointed to finalize the feasibility studies and package the proposed projects.

Procurement process kick-started in 2017, where Request for Qualification (RFQ) were called and bidders were pre-qualified. Pre-qualified bidders then were issued with Request for Proposal (RFP). The bidders were requested to innovate and densify when packaging their submissions.



## **5.4.8 Projects**

### **ANNADALE EXT 2 SOCIAL HOUSING PROJECT BRIEF**

#### **Background**

Motheo construction group was appointed to construct 494 residential units comprising of eleven blocks at Annadale Extension two (Ga Rena Phase two). The project started on the 1<sup>st</sup> February 2019. Despite normal construction site challenges the project was running smooth until the site closed due to national lockdown.

#### **Progress made by June 2021**

- Brickwork for all the blocks is 100% complete
- Services to all the blocks complete
- Pavement 80%
- The overall project completion progress is 90% as at 30 June 2021.

#### **Impact of COVID – 19 on construction**

The construction has been continuing with the contractor ensuring that Covid-19 regulations are observed.

#### **Local empowerment**

The project has appointed (9) nine local subcontractors for different trades and a total of one hundred and forty-six (146) local labourers of which twenty-seven (27) are females and one hundred and nineteen (119) are males.

#### **Anticipated completion date**

The project is anticipated to be completed on the 31 August 2021.

### **POLOKWANE EXT 76 SOCIAL HOUSING PROJECT**

The project is stalled pending the conditions put by Grant funder (SHRA) after they have initially approved the project. The condition if complied with, lead to litigation against the SHI. Intervention has been sought and further engagement with SHRA.

## **POLOKWANE EXT 108 AND 106 STUDENT ACCOMMODATION PROJECTS**

The preferred service provider withdrew from the project.

## **POLOKWANE EXT 107 GAP HOUSING PROJECT**

Contract negotiations still underway.

## **5.5 FINANCE AND RISK COMMITTEE**

### **5.5.1 The Mandate of the Committee**

The Finance committee deals with finance, audit and risk matters. This committee is tasked to review all issues relating to finance, audit and risk matters of the company including the internal controls. The Committee further assists and advises the Board of Directors with overall Finance with respect to:

- Financial Management,
- Risk Management,
- Internal and External Audit, and
- Development and review of Financial and Risk Policies

### **5.5.2 Composition of the Committee**

The Finance and Risk Committee was made up of two (2) members of the board, CEO, Finance Manager and Company Secretary as follows.

- Matsobane Gololo – Non-Executive Director and Chairperson of Committee
- Oupa Galane - Non-Executive Director,
- Shimi Maimela - Chief Executive Officer (Director)
- Malesela Masekoameng – Finance Manager
- Sopholis Chuene – Manager Office of the CEO
- Ms Mathaba Pheeha – Secretariat

Messrs. Malesela Masekoameng, Sopholis Chuene and Mathaba Pheeha are permanent invitees to the Committee

**Table: Schedule of Committee Meetings (All meetings held Virtually)**

<b>Date</b>	<b>Matsobane Gololo</b>	<b>Oupa Galane</b>	<b>John Maimela</b>	<b>Malesela Masekoameng</b>	<b>Sopholis Chuene</b>	<b>Mathaba Pheeha</b>
26 July 2020	✓	✓	✓	✓	✓	✓
18 October 2020	✓	✓	✓	✓	✓	✓
19 October 2020(Special meeting)	✓	✓	✓	✓	✓	✓
24 January 2021	✓	✓	✓	✓	✓	✓
22 April 2021	✓	✓	✓	✓	✓	✓

### 5.5.3 Highlights

- Finance policies were reviewed and amendments done.
- Management made a breakthrough with tenants at Ga-Rena regarding the Hijacking of units and the sublets were regularised,
- Risk policies were reviewed
- Risk register and risks implementation plan were approved and implemented
- Risk reports also served before Polokwane Municipality's Risk Management committee and Audit committee for quality assurance.
- The entity maintained its Unqualified audit opinion

- Increase of rental collection from 26.29% to 29%.

#### 5.5.4 Challenges

- Rental Boycott that the entity experienced especially at Ga-Rena rental village set the entity aback.
- The protracted process of eviction(s) at Ga-Rena affected the rental collection and impacted negatively at the entity's cash flow.
- Covid 19 affected negatively the collection rate at Seshego CRU.
- Decrease of rental collection from 29.15% to 26.29%.

The support from the municipality does not go unnoticed. Through shared services secondments and grants received the financial position of the entity grows year on year.

### 1. RISK MANAGEMENT COMMITTEE MEETINGS

Meeting attendance by committee members in 2020/21 FY. The overall attendance percentage of the meeting is 73% and is satisfactory.

#	Designation	05 October 2020	11 January 2021	22 April 2021	10 June 2021	09 July 2021	Attendance %
1.	Independent Chairperson	✓	✓	✓	✓	✓	100%
2.	Manager: Human Resource	✓	✓	✓	✓	✓	100%
3.	Manager: PMS	✓	✓	✓	✓	✓	100%
4.	Risk Officer	✓	✓	✓	✓	✓	100%
5.	Manager: Finance	✓	x	✓	✓	✓	80%
6.	Chief Executive Officer	✓	✓	x	✓	x	60%
7.	Manager: Internal Audit	R	✓	✓	✓	R	60%

8.	Manager: Property Management	x	x	✓	x	✓	40%
9.	Director Planning and Economic Development	x	✓	x	x	x	20%
✓	Present						
x	Absent						
R	Represented						

## 2. STATUS OF RISK MANAGEMENT COMMITTEE RESOLUTION FOR 2020/21

Total resolution	10
Resolved	10
In progress	00
Outstanding	00
Percentage	100%

## 3. RISK MANAGEMENT IMPLEMENTATION PLAN PROGRESS FOR 2020/21

The Risk Management implementation plan was approved at the beginning of the financial year with 11 activities to be implemented throughout the financial year. The chart below summaries progress made at the end of the financial year. All eleven (11) activities were implemented.

**Illustration of implemented Activities.**



**Summary of how activities were implemented per quarter.**

Quarter 1	Quarter 2	Quarter 3	Quarter 4
73%	91%	91%	100%

**4. STRATEGIC RISKS OVERVIEW**

At the beginning of financial year 2020-21 management have adequately identified 04 risks and 09 risk mitigations. Out of 09 risk mitigations, three (03) were found not to be fully implemented. Implementation status of risk mitigations is as follows:

Total number of risk mitigations	09
Implemented risk mitigations	06
Mitigations in progress	03
Mitigations not implemented	00
Overall implementation status	67%

## 5. Challenge is on revenue collection (financial sustainability).

Summary of revenue collection

Quarter 1	Quarter 2	Quarter 3	Quarter 4
31.18%	28.60%	30.14%	26.12 %

## 6. Risk Analysis and Advisory note

Generally, based on the reported information of risk mitigations management have adequately implemented most of their risk mitigations, however there is challenge of Revenue collection and management has put more efforts to mitigate.

## 7. OPERATIONAL RISKS OVERVIEW

At the beginning of financial year 2020-21 management have adequately identified 09 risks and 14 risk mitigations. Out of 14 risk mitigations, three (03) were found not be fully implemented. Implementation status of risk mitigations is as follows:

Total number of risk mitigations	14
Implemented risk mitigations	11
Mitigations in progress	3
Mitigations not implemented	0
Overall implementation status	79%

**Challenges are on financial sustainability in a form of revenue collection and inadequate maintenance of properties due budgetary constraints.**

### Analysis and Advisory note

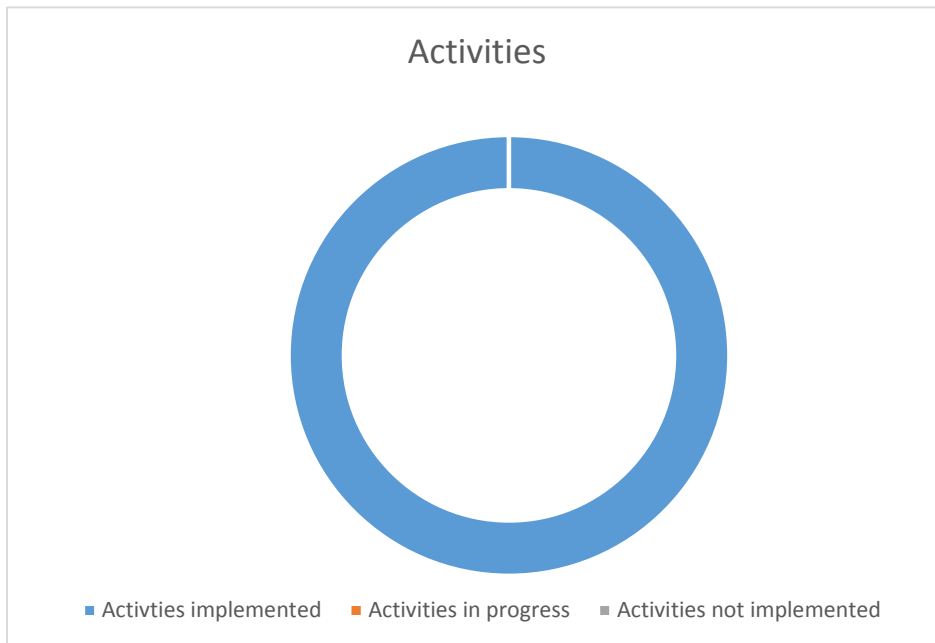
Generally, based on the reported information of risk mitigations management have adequately implemented most of their risk mitigations, however there is challenge of revenue collection and management has put more efforts to mitigate the risk.

## 8. FRAUD RISK MANAGEMENT PLAN PROGRESS FOR 2020/21

Fraud Risk Management Plan for 2020/21 financial year was approved by Risk Management Committee at the beginning of the financial year with 16 activities to be implemented.

Risk Management Unit coordinates with other SBUs and monitors that all activities on the plan are implemented by responsible Managers on defined time frames

### Illustration of implemented Activities.



### Summary of how activities were implemented per quarter.

Quarter 1	Quarter 2	Quarter 3	Quarter 4
81%	85%	100%	100%



## 9. FRAUD INCIDENTS REPORT

Office of the CEO and Risk Management unit did not receive any reports of fraud allegation during the 2020-21 financial and even during the audit, AG could not identify any fraud and NOCLAR.

## 10. FRAUD AWARENESS

During the 2020-21 financial year risk management Unit conducted two fraud awareness on all staff members and tenants.

Date of awareness	Method of awareness	Number of attendees
19 November 2020	Email	All Staff members
30 June 2021	Posters	All tenants

## 11. Highlights

- Risk Management polices were revied and approved by RMC and APAC.
- Risk Registers and Risk Management plans for 2021-22 FY were reviewed.
- Risk reports also served before Risk Management committee and Audit committee for quality assurance.
- The entity maintained its Unqualified audit opinion.

## **5.6 HUMAN RESOURCE AND REMUNERATION COMMITTEE**

### **5.6.1 Mandate of the committee**

The Committee reviews the human resources management and remuneration policies and practices in the Entity and determines terms and conditions of employment of all staff levels.

The committee reviews the quarterly performance and is responsible for the annual performance review.

The Human Resources and Remuneration Committee was charged with putting in place a human resources strategy that ensures proper human resources practices and remuneration philosophy. This saw the reviewing of human resources policies, practices and procedures, introduction of best practice in respect of terms and conditions of employment, salary benchmarking, talent management and the application of a proper performance management system in line with the parent municipality.

### **5.6.2 Composition of The Committee**

The Human Resource Committee is made up of two (2) members of the board with the CEO and the Human Resources manager as permanent invites.

### **5.6.3 Committee members**

- Vilakazi Samson (Chairperson)
- Kgosana A (Member)
- Maimela J.T (CEO)
- Rasebotje MSC (HR Manager)
- Sopholis Chuene (Manager Office of the CEO)
- Mathaba Pheeha (Secretariat)

Messrs. Conny Rasebotje, Sopholis Chuene and Mathaba Pheeha are permanent invitees to the Committee

#### 5.6.4 Table: Schedule of Committee Meetings

Date	Samson Vilakazi	Ms. Asnath Kgosana	Shimi Maimela	Ms. M.S.C Rasebotje	Sopholis Chuene	Mathaba Pheeha
26 July 2020	✓	✓	✓	✓	✓	✓
18 October 2020	✓	✓	✓	✓	✓	✓
24 January 2021	✓	✓	✓	✓	✓	✓
18 April 2021	✓	✓	✓	✓	✓	✓

The Human Resources and Remuneration Committee was charged with putting in place a human resources strategy that breath in proper human resources practices and remuneration philosophy. This saw the reviewing of human resources policies, practices and procedures, introduction of best practice in respect of terms and conditions of employment, salary benchmarking, talent management and the application of a proper performance management system in line with the parent municipality.

#### 5.6.5 Highlights

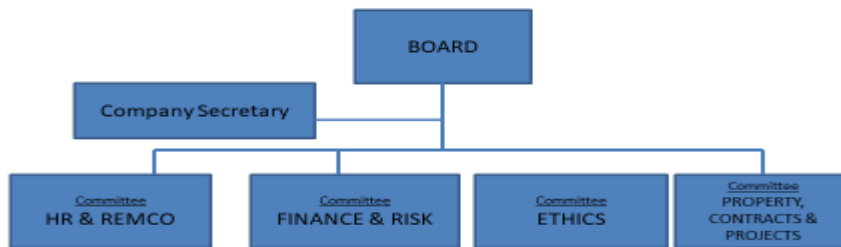
- The development and implementation of a Human Resource Strategy to guide the HR functions
- Reviewal of Human Resource policies
- Alignment of salaries within PHA to those of the parent Municipality.

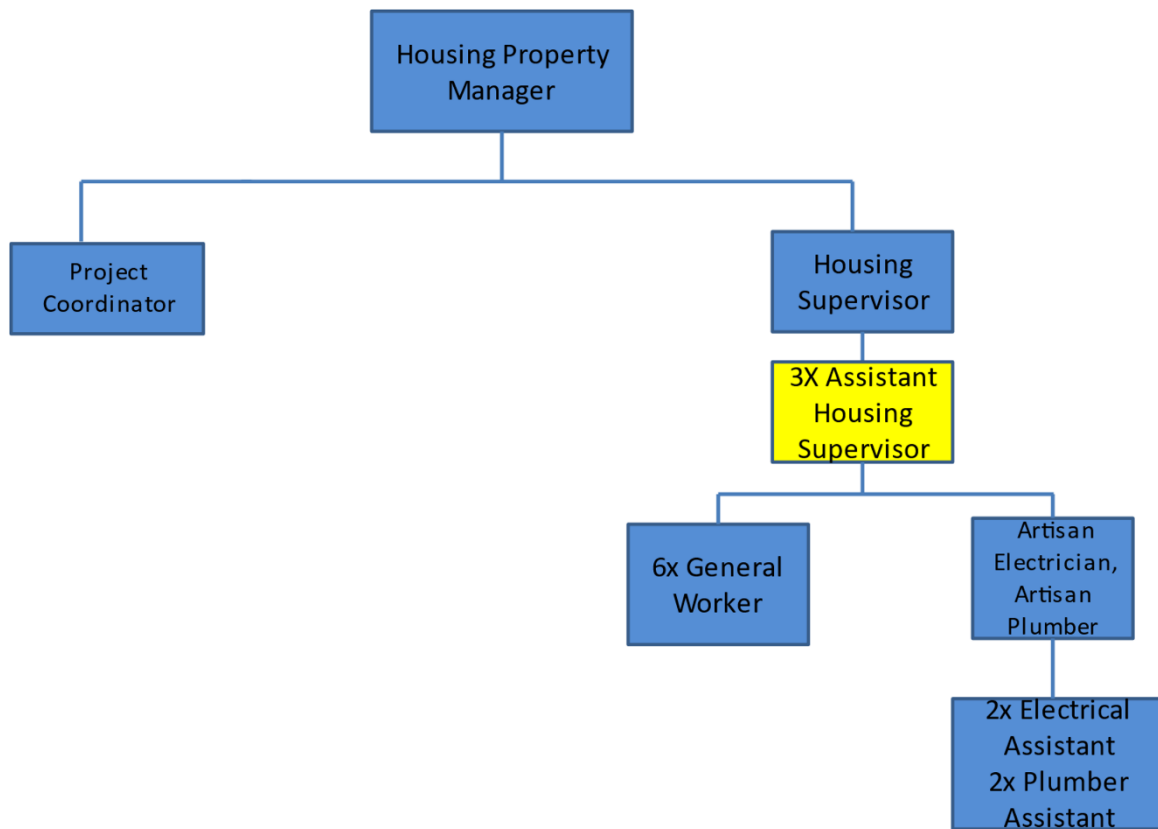
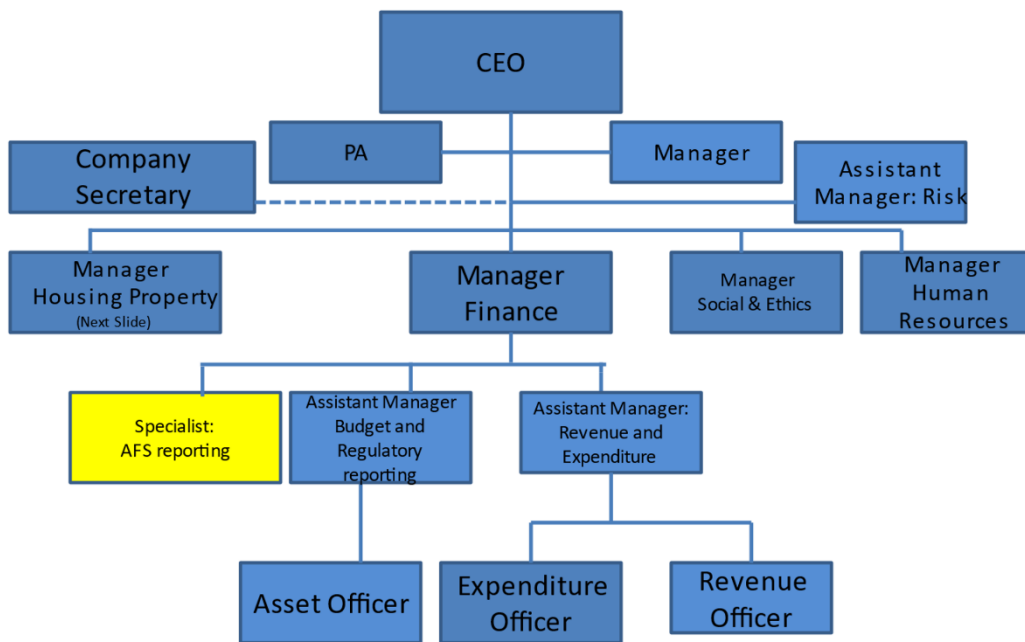
- Submission of WSP
- No positive covid 19 reported cases.

### 5.6.6 Challenges

- The organization has not been able to operate at full potential due to the Covid 19 pandemic.
- Overburdened officials.

### 5.6.7 Organisational Structure





## **5.7 SOCIAL AND ETHICS COMMITTEE**

The Social and Ethics Committee (Committee) is constituted as a formal Committee in terms of the Companies Act and this report is prepared in compliance with the requirements of the Companies Act. The Committee operates according to the Terms of Reference (TOR) which stipulates the composition, role, responsibilities, and duties of the Committee. The Terms of Reference is reviewed from time to time.

### **5.7.1 Mandate of the Social and Ethics Committee**

In terms of the TOR the mandate of the Social & Ethics Committee is to assist the Board in, inter alia, the following:

- To monitor the organization's activities, having regard to all relevant pieces of legislation
  - the Broad-Based Black Economic Empowerment Act; and
  - the Employment Equity Act
- promotion of equality, prevention of unfair discrimination, and reduction of corruption;
- contribution to development of the communities in which its activities are predominantly marketed;
- record of sponsorship, donations and charitable giving;
- the environment, health and public safety, including the impact of the Organization's activities and of its products or services;
- consumer relationships, including the Organization's advertising, public relations and compliance with consumer protection laws;
  - the Organization's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
  - the Organization's employment relationships and its contribution toward the educational development of its employees;
  - bring matters within its mandate to the attention of the Board as may be occasionally required; and
  - to report, through one of its members, to the shareholders at the Organization's annual general meeting on the matters within its mandate.

## **5.7.2 Social & Ethics Committee Terms of Reference**

The Social & Ethics Committee has adopted formal Terms of Reference which have been approved by the Board of Directors. The Committee has conducted its affairs in compliance with these Terms of Reference and has discharged its responsibilities contained therein.

## **5.7.3 Composition**

- In accordance with the relevant provisions of the Companies Act and applying the recommendations of King III, the Social & Ethics Committee consists of a majority of independent non-executive directors, one of whom chairs the Committee's meetings ensure that independent judgement is brought to bear. The Chief Executive is also a member of this Committee. Members and the Chairman of this Committee are elected by the Board.
- Senior management of the Company attend meetings of the Committee as appropriate.

## **5.7.4 Committee Structure**

The committee is constituted by Two (02) Board of Directors,

- Ms Asnath Kgosana – Chairperson - Non-Executive Director
- Oupa Galane – Non-Executive Director
- Shimi Maimela - Chief Executive Officer (Director)
- Zinzi Mphahlele – Manager Social and Ethics
- Sopholis Chuene – Manager Office of the CEO
- Mathaba Pheeha

Messrs. Sopholis Chuene and Mathaba Pheeha are permanent invitee to the Committee. The Terms of reference has been updated to add an additional Non-Executive Director.

### 5.7.5 Meetings

During the year under review, the Committee met four times. In accordance with the Terms of Reference, the Committee meets as frequently as the Committee considers appropriate. The following table of attendance at Social & Ethics Committee meetings reflects the Committee's meetings held during the year and the attendance of these meetings by its members.

Date	Ms. Asnath Kgosana CHAIPERSON	Oupa Galane	Shimi Maimela	Zinzi Mphahlele	Sopholis Chuene	Mathaba Pheeha
18 March 2021	√	√	√	√	√	√
24 January 2021	√	√	√	√	√	√
18 October 2020	√	√	√	√	√	√
20 July 2020	√	√	√	√	√	√

### 5.7.6 Corporate Social Performance

The Committee measured the impact of its decisions or activities on society in the following areas:

1. Unethical behaviors and practices
2. Health and Hygiene and public safety (Environmental health and public safety)
3. Environmental Sustainability Consideration (Environmental health and public safety)
4. Fair Competition and Local Economic Development



- **Corporate Ethics Performance**

The King Report also emphasizes the responsibility of the board of directors to ensure that the ethics of the company is governed well. The ethics management process that the board ensured is implemented in the company consists of four aspects:

1. Development and Maintenance of Risk register
2. Safety and Security in the complexes
3. Ethics Standards
4. Internal and external reporting
  - Internal reporting – Audit Team
  - External reporting – Annual report

- **Focus Areas for The Review**

During the period under review, the Committee has considered the following reports:

- Supply Chain
- Human Capital
- Customers and other stakeholders

There were no unethical issues reported.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

- **Key Focus Areas for The Year Ahead**

The key focus areas for the Committee for financial year 2022 are:

- Ensuring that COVID 19 regulations are observed at our projects and office
- Training to fully transact on MSCOA compliant financial system (MUNSOFT) as per National Treasury requirement.

## 5.8 SOCIAL AND ETHICS

### 5.8.1 Suppliers and Business Partners /Supply Chain

The Board of Directors of a municipal entity must maintain oversight over the implementation of its Supply Chain Management policy. For the purpose of such oversight, the Accounting Officer must submit a report on the implementation of the municipal entity's Supply Chain Management to the Board of Directors, who must then submit to the Accounting Officer of the parent municipality for the submission to the municipal Council.

The following awards were made during the financial year.

Name of supplier	Amount	Description of Goods/ Services
Massbuild (Pty) Ltd	R 9 275.00	Cleaning Material
Bargain House	R 20 571.23	Materials
Builders Warehouse	R 6 096.00	Maintenance Material
Illiad Africa	R 25 436.33	Materials
Mabunda Trading Projects	R 2 990.00	Materials
Malehlokwa Pitseng Trading	R 4 500.00	Welding works
Maroli Trading	R 1 900.00	Plumbing Material
Masekela Khomotjo	R 1 519.21	Lock and Chain
Mzansi Africa	R 6 624.10	Materials
Plumblink	R 52 794.14	Materials
Polokwane Chemical Sup.	R 3 213.48	Cleaning Material
Voltex	R 36 240.08	Materials
Shomatalana CC	R 1 200.00	Materials
Tloutlou cleaning	R 1 092.50	Materials
Eljuni Trading	R 9 800.00	Materials
<b>Total</b>	<b>R 171 159.57</b>	

### COVID 19

The whole world has been in the grip of the global pandemic COVID-19 and South Africa is no different. The after-effects of which have impacted negatively on our health care systems and disabled our economic activities.

The Corona-virus pandemic ("Covid-19") has presented unprecedented challenges to organisations, economies and most significantly people. As witnessed globally, the threat to human health compelled governments to act and try to mitigate the public

health disaster by implementing radical measures including Lock-Down restrictions resulting in organisations having to temporarily stop operating or drastically reducing their operations. The dire consequences of the Lock-Down on organisations and their respective stakeholders will be felt for an indeterminable period.

The company continued to operate under strict observance of regulations relating to COVID-19 pandemic to ensure that the risk of infection to our staff and client is limited or put to zero. PHA business is continuing, though not at a full scale. Therefore, compliance and ethical conduct are key in our engagement with customers and stakeholders.

The company is acutely aware of the increased risk to employees and the public we serve of reciprocal transmission of Covid-19. Provision of PPE and proper training on the use and wearing thereof, clear, and concise directives and care pathways should there be any symptomatology associated with Covid-19. i.e., As per Covid-19 regulations employees were provided with the following personal protective equipment (PPE), i.e., Masks, sanitisers, as well as screen employees temperature upon entering the work premises.

The company was able to disburse the required PPEs to officials. Officials are continuously encouraged to inform the employer whenever they suspect that they might be having symptoms associated with Covid-19 as well as when they test positive to the Coronavirus, so that they can be given time off to isolate/quarantine from other officials.

The table below provides details of the infections, and suspected infections, experienced at the company.

<b>Incident</b>	<b>Number of affected employees</b>	<b>Comments</b>
COVID-19 confirmed cases	0	No reported cases
Contacts with positive cases	1	The employee completed the 10 days in isolation

The health and safety of our officials, our tenants and our communities are key priorities

As lockdown restrictions are lifted, the Organization will continue to implement rigorous controls, and intensify these regimes if appropriate.

- an extensive communication programme has been implemented across the Committee's operations to ensure that all relevant information regarding the pandemic is distributed to employees on an ongoing basis; and
- strict protocols have been implemented in terms of social distancing and remote working.

## **5.8 Human Capital**

### **• Training and Development**

There has been no anomaly in respect of training and development of employees. The accreditation of Social Housing Regulatory Authority saw employees being trained on the basics of SHRA and they now understand and comply with regulating authority's policy and regulation. Most training would have been attended, but budgetary constraints prohibited most training to be undertaken. The entity is registered with CETA and therefore would be receiving grants that will assist with the training and development of employees.

### **• Employee Wellness**

The entity thrives on the shareholder's quarterly health screening sessions.

Health promotion awareness campaigns are conducted with the aim of raising/educating employees about social problems or illness which could affect them and ways to prevent them.

The shareholder also celebrates special events, like, women’s day/month, team building, etc., as and when the budget permits, the entity piggybacks on such and allows officials to be part of the celebrations. The entity has taken precautionary measures to deal with Covid-19 in line with the disaster management act and the Guideline for municipalities to respond to the CIVID-19 pandemic. We consider ourselves lucky that we have so far not had an official testing positive to the pandemic

- **Recruitment**

The entity has promoted three officials to the positions of Assistant Manager: Revenue, Project Coordinator, and Housing supervisor respectively. The promotions will see improved relations with the tenants as well as improved service delivery to the tenants. The entity still thrives on partially seconded officials from the shareholder. This partial secondments bring in expertise to fill in identified gaps.

**CHAPTER 6: PAST YEAR’S ANNUAL REPORT (2020/21) AND PROGRESS ON RESOLVING PROBLEMS IDENTIFIED IN THE ANNUAL REPORT**

<b>NO</b>	<b>ISSUES RAISED BY THE AUDITOR</b>	<b>PROGRESS ON RESOLVING THE ISSUE</b>
1	1.Material losses to the amount of R8 358 822.00 as a result of provision for trade Debtors	The entity has obtained eviction orders to evict tenants, this will go a long way in reducing the provision for doubtful debts.
2	2.Irregular Expenditure incurred for R1 892 798.00	The matter is ongoing-will be referred to Municipal Public Accounts Committee(MPAC)
3	3. Irregular ,Fruitless and wasteful expenditure not Investigated	The matter is ongoing-MPAC is currently busy with the finalisation of investigation.

## **CHAPTER 7. SERVICE DELIVERY PERFORMANCE**

### **7.1 Service Delivery Performance and Challenges During The 2020/21 Financial Year**

Section 46 (1) of the Local Government: Municipal Systems Act, Act 32 of 2000 requires municipalities and municipal entities to prepare the performance report that reflects the performance of the entity and that of its external service providers. Polokwane Housing Association wishes to highlight that the entity had one (1) project during the 2020/21 financial year. The said project is a multi-year project and was not due for completion in the year under review. The project completion time was revised and extended to be completed in the 2021/22 financial year due to various challenges experienced such as:

- The restrictions placed due to the global COVID 19 pandemic
- Stopping of projects by community members
- Cashflow challenges
- High-jacked units at Ga-Rena Rental Village project which led to poor rental collection
- Lack of planned maintenance of units at Ga-Rena Rental Village

#### **Management Measures taken to improve performance**

- The entity had to revised the project work schedule to accommodate the restrictions in place due to the COVID 19
- The entity together with the parent municipality drawn up a Cashflow schedule for the project to avoid any further delays due to Cashflow
- The entity amplified its public participation process related to the projects so that the community can be involved within the project and that there were some work portions of the project that were strictly reserved for local business
- The Entity reported the matter to the Tribunal and further took the culprits to court whereby the entity obtained a court order to evict all those that are not complying with the rules of the entity

- Management through its maintenance policy has made provision for planned maintenance that will be conducted as soon as the evictions are concluded and new tenants placed in the units which will boost the rental collection

## 7.2 Core Business / Basic Service Delivery

Ref	Strategic Objective	Programme	Key Performance Indicator	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Actual Achievement	Reason for Variance	Measures to Improve Performance	Portfolio of Evidence
<b>Core Business/ Basic Service Delivery</b>													
CEO1	Improve quality of living	Maintenance	No of Maintenance requests received and attended to within 2 weeks by 30 June 2021	#	01-Jul-20	30-Jun-21	15	156	165	263	More maintenance requests were made and attended to	None	Maintenance request logbook and forms that will show when the request was logged and closed
CEO2			Number of new fire hydrants purchased for Ga-Rena and C.R.U by 30 June 2021	#	01-Jul-20	30-Jun-21	10	New	88	44	Cashflow challenges	Provision and allocation of budget has been made to address the challenge in the 2021-22 FY	Purchase orders and delivery notes



Ref	Strategic Objective	Programme	Key Performance Indicator	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Actual Achievement	Reason for Variance	Measures to Improve Performance	Portfolio of Evidence	
CEO3			Number of fire hydrants serviced for Ga-Rena and C.R.U by 30 June 2021	#	01-Jul-20	30-Jun-21	10	New	203	96	Cashflow challenges	Provision and allocation of budget has been made to address the challenge in the 2021-22 FY	Purchase orders and proof of work done	
CEO4			SHRA Compliance	Number of monthly projects progress report compiled and submitted to SHRA by 30 June 2021	#	01-Jul-20	30-Jun-21	10	New	12	12	None	None	Monthly projects reports and proof of submission to SHRA
CEO5				Number of project reporting tools compiled and submitted to SHRA by 30 June 2021	#	01-Jul-20	30-Jun-21	10	New	4 Project Reporting Tools compiled and submitted to HRA	4	4	None	None

## 7.3 Financial Viability

Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Actual Achievement	Reason for Variance	Measures to Improve Performance	Portfolio of Evidence
<b>Financial Viability</b>													
CEO9	Enhance revenue and asset base	Revenue Management	% of PHA rental housing units occupied by 30 June 2021	%	01-Jul-20	30-Jun-21	20	94%	95%	92.11%	Some units were being maintained which took longer than anticipated and could not be allocated	Fasttrack the maintenance of empty units and allocate to tenants	Monthly occupancy reports
CEO10			% of rental collected by 30 June 2021	%	01-Jul-20	30-Jun-21	20	30%	82%	26.13%	Low rental collection at Ga-Rena Village	Implementing Credit control measures put in-place	Monthly financial reports (section 71 )
CEO11		Budget and Reporting	Maintain unqualified audit opinion by 30 April 2021	Date	01-Jul-20	30-Apr-21	20	Unqualified audit opinion	Unqualified Audit Opinion by 30 April 2021	Unqualified Audit Opnion maintained	None	None	AGSA Audit opinion report

Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting (%)	Baseline	Annual Target	Actual Achievement	Reason for Variance	Measures to Improve Performance	Portfolio of Evidence
CEO12			Development of the Audit Action Plan for AG Report by 30 April 2021	Date	01-Jul-20	30-Apr-21	20	Developed Audit Action Plan	Develop Audit Action Plan by 30 April 2021	Action Plan developed and sent to Internal Audit for monitoring	None	None	Developed Audit Action Plan
CEO13		Assest Management	Complete Physical Asset Verification for moveable and immovable assets by 30 October 2020	Date	01-Jul-20	30-Oct-20	20	Completed physical asset verification	Complete Physical Asset Verification for moveable and immovable assets by 30 October 2020	Physical asset verification for moveable and immovable assets conducted	None	None	Completed physical asset verification report

## 7.4 Governance and Transformation

Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Reason for Variance	Measures to Improve Performance	Portfolio of Evidence
<b>Governance and Transformation</b>													
CEO1 4	Improve admin and governance capacity	Budget and Reporting	Prepare and submit Annual Financial Statements (AFS) to Auditor General (SA) by 30 October 2020	Date	01-Jul-20	30-Oct-20	15	31-Aug-19	Prepare and submit Annual Financial Statements (AFS) to Auditor General (SA) by 30 October 2020	AFS compiled and submitted to Auditor General by 30 Oct 2020	None	None	Signed AFS and proof of submission to AG
CEO1 5			Prepare and submit revised Budget to the Shareholder by 28 Feb 2021	Date	01-Jul-20	28-Feb-21	10	28-Feb-20	Prepare and submit revised Budget to the Shareholder by 28 Feb 2021	Revised budget submitted to the shareholder on the 11 Feb 2021	None	None	Revised budget and proof of submission

Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Reason for Variance	Measures to Improve Performance	Portfolio of Evidence
CEO16			Prepare and submit the final Entity Budget to the Shareholder by 30 March 2021	Date	01-Jul-20	30-Mar-21	5	30-Mar-20	Prepare and submit the final Entity Budget to the Shareholder by 30 March 2021	Draft budget submitted to the shareholder on the 12 March 2021	None	None	Final budget and proof of submission
CEO17		Performance Management	Prepare and submit the Entity Annual Report to the Shareholder by 30 March 2021	Date	01-Jul-20	30-Mar-21	5	20-Dec-11	Prepare and submit the Entity Annual Report to the Shareholder by 30 March 2021	Incomplete Draft Annual Report submitted to shareholder on 20 December 2020	AGSA only completed the audit of the 2019/20 FY by March 2021 which led to the delay of the submission of the final Annual Report	The 2019/20 Annual Report finalised and submitted to the Shareholder	Final Annual Report and proof of submission
CEO18			Number of Institutional Quarterly Performance Report compiled	#	01-Jul-20	30-Jun-21	5	4	4	4	4	None	None

Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Reason for Variance	Measures to Improve Performance	Portfolio of Evidence
									e Report compiled				
CEO19			Development and submission the Mid-Year Budget and Performance Assessment Report to shareholder by 20 January 2021	Date	01-Jul-20	20-Jan-21	5	20-Jan-20	Develop and submit the Mid-Year Budget and Performance Assessment Report to shareholder by 20 January 2021	Mid-Year Budget and Performance Assessment Report submitted on 20 January 2021	None	None	Mid-Year Budget and Performance Assessment Report and proof of submission
CEO20			Make public the Mid-Year Budget and Performance Assessment Report by 31 January 2021	Date	01-Jul-20	30-Jan-21	5	30-Jan-20	Make public the Mid-Year Budget and Performance Assessment Report by 31 January 2021	The Mid Year report was made public on the municipal website	None	None	Public notice on notice boards and municipal website

Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Reason for Variance	Measures to Improve Performance	Portfolio of Evidence
CEO2 1		CIPC Compliance	Submit the Annual Returns and/or amendments to CIPC by 30 May 2021	Date	01-Jul-20	30-May-21	5	May-20	Submit the Annual Returns and/or amendments to CIPC by 30 May 2021	Annual Returns were filed on the 27th October 2020 and Change of Directors was done on the 06th Jan 2021	The Annual Returns were done earlier as the company had outstanding returns	The Annual Returns were submitted	Annual Returns and/or amendments and proof of submission
CEO2 2		Secretariat	Number of ordinary Board meetings scheduled and convened	#	01-Jul-20	30-Jun-21	5	New	4 ordinary Board meeting scheduled and convened	4	None	None	Meeting notices, Agenda, Minutes and Attendance registers
CEO2 3			Number of ordinary Committee meetings scheduled and convened by 30 June 2021	#	01-Jul-20	30-Jun-21	5	New	16 Committee meetings scheduled and convened	16	None	None	Meeting notices, Agenda, Minutes and Attendance registers

Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Reason for Variance	Measures to Improve Performance	Portfolio of Evidence
CEO2 4			Convene AGM by 30 April 2021	Date	01-Jul-20	30-Apr-21	5	New	Convene AGM by 30 April 2021	AGM held on the 30th June 2021	The meeting initial planned date had to be postponed due to COVID regulation as the meeting was planned to take place as contact meeting	The meeting was subsequently held as a virtual meeting	Meeting notices, Agenda, Minutes and Attendance registers
CEO2 5			Convene Annual Strategic Planning Session by 30 April 2021	Date	01-Jul-20	30-Apr-21	5	New	Convene Annual Strategic Planning Session by 30 April 2021	Strategic Planning Session held on the 27th June 2021	The meeting initial planned date had to be postponed due to COVID regulation	The meeting was subsequently held as a virtual meeting	Meeting notices, Agenda, Minutes and Attendance registers



Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Reason for Variance	Measures to Improve Performance	Portfolio of Evidence
											as the meeting was planned to take place as contact meeting		
CEO2 6		Risk Management	Development of the Institutional Risk Register by 31 August 2020	Date	01-Jul-20	30-Sep-20	5	New	Develop Institutional Risk Register by 31 August 2020	Institutional Risk Register developed and served at the Risk Management Committee that was held on the 22nd June 2020	None	None	Approved Institutional Risk register
CEO2 7			Number of quarterly Institutional Risk Register progress reports compiled by 30 June 2021	#	01-Jul-20	30-Jun-21	5	New	4 Institutional Risk Register progress reports compiled	4	None	None	Institutional Risk Register progress reports

Ref	Strategic Objective	Programme	Performance Indicators	Unit of Measure	Start Date	End Date	Weighting	Baseline	Annual Target	Actual Achievement	Reason for Variance	Measures to Improve Performance	Portfolio of Evidence
CEO28	Invest in human capital and retain skills	Hhuman Resource Management	Review Human Resources Strategy by 30 June 2021	Date	01-Jul-20	30-Jun-21	5	30-Jun-19	Review Human Resources Strategy by 30 June 2021	Not achieved	HR Strategy to be reviewed as part of policy reviews	The HR Strategy will be reviewed with all other Policies to be tabled in the next coming Board seating of the 2021/22 FY	Reviewed and approved strategy
CEO29			Submission of Reviewed of WSP to LGSETA by 30 April 2021	Date	01-Jul-20	30-Apr-21	5	New	Submit reviewed WSP to LGSETA by 30 April 2021	WSP submitted to SETA by 30 April 2021	None	None	Reviewed WSP and proof of submission
CEO30			Number of training/workshops convened by 30 June 2021	#	01-Jul-20	30-Jun-21	5	New	2 trainings / workshops convened	2 trainings convened and attended	None	None	Invitations and attendance registers

## CHAPTER 8 – AUDITOR GENERAL AUDIT FINDINGS

### 8.1 Analysis of the audit opinions over the past five financial years

2020/21	2019/20	2018/19	2017/18	2016/17
Unqualified	Unqualified	Unqualified	Unqualified	Qualified

## **CHAPTER 9: FINANCIAL PERFORMANCE**

### **9.1 ANALYSIS OF REVENUE COMPONENT OF FINANCIAL STATEMENT**

The entity derives its revenue from rental of housing units at Ga-Rena Village and Management fees from Seshego Community residential units (CRU) from the year ended 30 June 2021 the entity generated R11 315 747 in Revenue which consisted of R9 351 375 from Ga-Rena and R1 964 372 from Seshego CRU. The entity has Ladanna extension 2 project under construction which will be completed in the year 2022 and will enhance the entity's Revenue

The entity also received R119 810 195 as revenue from non-exchange from government subsidies and grants mainly towards the development of the afore-mentioned Ladanna extension 2

### **9.2 ANALYSIS OPERATING EXPENDITURE COMPONENT OF FINANCIAL STATEMENT**

The entity incurred R29 mil in expenditure for the year ended 30 June 2021, however it must be noted that forty-five percent (45%)R13 mil of the expenditure consists of non-cash items, which in essence means the real total expenditure is R16 mil

### **9.3 ASSET AND LIABILITY MANAGEMENT COMPONENT OF FINANCIAL STATEMENT**

The assets of the entity worth R301Mil in total both Non-current assets and Current assets combined, whilst the liabilities of the entity are R27 Million, included in the assets is work in progress of R196 Mil which upon completion of Ladanna extension 2 will then be transferred to Property, plant and equipment.

## **9.4 LIABILITY MANAGEMENT**

The entity is without long term liabilities which is a good sign for the gearing of the entity, the entity only has current liabilities which are dominated by monies owed to contractors at Ladanna extension 2 which amounts to R21 mil out (this liability is guaranteed by Grants to be paid off) of R27mil total of Total current liability, this is a good sign for the entity as it Shows that the entity will be able to pay off its debt and remain a going concern.

## **9.5 COMPLIANCE COMPONENT OF FINANCIAL STATEMENT**

The financial statements of the entity comply with Standards of Generally Recognised Accounting Practice.

## **9.6 CASH FLOW MANAGEMENT**

The entity is managing its cash flow stringently so as to be able to meet its day to day obligation, this is against the collection rate is on the lower side, however they are measures in place that the entity will be implementing in 2022 to enhance the collection rate among others being the eviction of non-paying tenants

## **9.7 BORROWING AND INVESTMENTS**

The entity is not having any investments nor borrowings, the financial statements are attached for ease of reference.

## Notice

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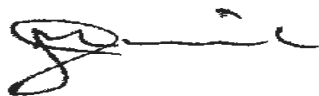
Attention : John Maimela  
: Chief Executive Officer

Telephone : (015) 295 5402

Fax : (015) 295 6259

## Approval

The signatories hereof, being duly authorized thereto, by their signatures hereto authorize the execution of the work detailed herein, or confirm their acceptance of the contents thereof and authorize the implementation/adoption thereof, as the case may be, for and on behalf of the parties represented by them.



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**Shimi Maimela**

**Chief Executive Officer:**

## **ANNEXURES**

**Annexure A: 2020-2021 Annual Financial Statement**

**Annexure B: 2020-2021 Audit Report**