

# THABATSHWEU HOUSING COMPANY



*"A Promise Delivered"*

## ANNUAL REPORT

2018-2019

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:  
Bankers

2005/012521/07  
FNB

### **Registered Address for the Company:**

Corner Landros Mare & Bodenstein  
Street  
Polokwane  
0700

### **Postal Address**

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Ladanna  
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### **Telephone Number:**

(015) 291 2314

### **Fax Number:**

(015) 295 6259

### **Website:**

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

### **Auditors:**

Auditor General – South Africa

### **Directors:**

Ms. S Mashabela - Board Chair

Ms A Kgosana

M J Gololo

O Galane

S Vilakazi

J T Maimela – Chief Executive

### **Company Secretary**

Vacant

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## **CHAPTER 1: CHAIRPERSON'S FOREWORD**

It gives me great pleasure to table my first report as Chairperson since the appointment of the new Board in November 2017. The newly minted Board of Directors (Board) of the Polokwane Housing Association has demonstrated that growth oriented organizations require growth oriented leadership. In presenting the PHA Annual Report for 2018/2019, I am pleased to report that the entity has performed exceedingly well in meeting its challenges under the new epoch defined by the President of the Republic of South Africa as the "New Dawn".

The maintenance of provisional accreditation from the Social Housing Regulatory Authority and obtaining unqualified audit opinion were the highlights for the PHA during 2017/2018. PHA has now received restructuring grant funding to enable the entity to increase its property portfolio. The Value of grant funding received is around R 200 Million. The grant funding received will enable the entity to implement the following social housing projects:

- 494 Social Housing Units at Annadale Extension 2
- 240 Social Housing Units at Polokwane Extension 76

The Board has reappointed the current Chief Executive Officer in an effort to ensure that there is continuity and that institutional memory is not lost. This is owing to the fact that all Board members at the PHA have recently been appointed by its Shareholder, Polokwane Municipality.

The Chief Executive Officer of the Polokwane Housing Association has been appointed over a period of five years. This will also ensure that all projects in the pipeline are implemented and that Ga-Rena Rental Housing Project is turned around after having suffered a series of rental boycotts.

The entity is looking forward to securing the much needed funding so that it can begin implementing the following new projects:

- 456 Student Housing beds at Polokwane Extension 108
- 754 GAP market housing units at Polokwane Extension 107

Polokwane Housing Association has applied for CoGHSTA' s support to implement the following projects, which are located on CoGHSTA' s strategically well positioned land parcels being:

- Bendor Extension 100

- Polokwane Extension 86
- Polokwane Extension 121

## **APPRECIATION:**

As the PHA, we are highly indebted to our Shareholder, Polokwane Municipality, under the stern leadership of Executive Mayor, CLLR Thembisile Nkadimeng. I also wish to thank the previous Board, led by the previous Board Chair, Mrs. Ntswaki Baloyi and the Interim Board Chair, Mrs. Cindy Dibete for their contribution. Lastly, I wish to thank our newly appointed CEO, Mr. Shimi Maimela for his outstanding leadership and constant support to the Board.

I look forward to an exciting and rewarding year ahead as we move towards successful implementation of projects at the Polokwane Housing Association with new angled solutions that are put in place to sustain the entity. Accordingly, I submit the PHA's Annual Report for 2018/2019 on behalf of the Board of Directors.

**MS. SARAH MASHABELA [PR. PLN, MAMT, MICTC (AUSTRALIA)]**

**BOARD CHAIRPERSON**

## **CHAPTER 2: CHIEF EXECUTIVE OFFICERS FOREWORD**

During the year under review the entity has been able to attain the following critical milestones based on its key performance areas outlined in its Scorecard/SDBIP. The three key performance areas PHA was focusing on are, Core Business, Financial Viability, Good Governance and organizational transformation.

- **Core Business**

### **Achieving Conditional Accreditation Status**

PHA has retained Conditional Accreditation with the Social Housing Regulatory Authority. This level of accreditation has given PHA an opportunity to participate in both grant funding required to deliver Polokwane Extension 76 and Annadale extension 2 Social and housing projects.

- **Financial Viability**

This area still proved to be a challenge during the year under review. This is due to the following:

The rental collection is 29% including arrear rental when compared with 45% for the same period last year. Rental boycotts and high-jacking of units led to the low levels of rental collections. Management has put in place measures to make sure that rental collection is enhanced so that the entity can collect rent at an acceptable level.

- **Good Governance and 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.

- **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.

**MR. JOHN MAIMELA  
CHIEF EXECUTIVE OFFICER**

## **CHAPTER 3: 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 SOC Limited company in terms of section 86 of Municipal Systems Act. The registered name is Thabatshweu Housing Company (SOC) Ltd REG 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 4: DIRECTORS' REPORT AND GOVERNANCE

### 4.1 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
- Registering PHA as SOC (Ltd) from the incorrect registration as Pty (Ltd)

The company renewed a professional indemnity insurance it took last year for its directors. This is intended to cover directors for any claims against them as they diligently carry out the business of PHA.

- The Company Secretary resigned during the period under review

### 4.2 BOARD OF DIRECTORS

The Board of directors continued to perform its over side functions and provided strategic leadership and guidance to the CEO and the management team during the year under review.

Below are there Board meetings that were scheduled for the year under review and the attendance by members:

Date	Ms. S Mashabela – Chairperson	Ms. A Kgosa na	Mr. M J Gololo	Mr. O Galane	Mr. S Vilakazi	Company Secretary	Mr. J T Maimela – Chief Executive
15 Jul 2018	✓	✓	✓	✓	✓	Vacant	✓
27 July 2018	✓	✓	✓	✓	✓	Vacant	✓
09 Sept 2018	✓	✓	✓		✓	Vacant	✓
04 Nov 2018	✓	✓	✓	✓	✓	Vacant	✓
17 Feb 2019	✓	✓	✓	✓	✓	Vacant	✓
26 May 2019	✓	✓	✓	✓	✓	Vacant	✓

## **4.3 BOARD COMMITTEES**

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. Dysfunctional committees however, can have the opposite 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 supported by the following committees:

- Property, Contracts and Projects,
- Finance and Risk, and
- Human Resource & Remuneration
- Social and Ethics

### **4.3.1 Property, Contracts & Projects**

#### **4.3.1.1 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.

#### **4.3.1.2 COMMITTEE STRUCTURE**

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

- Mr. John Gololo – Chairperson (Non-Executive Member)
- Mr. Oupa Galane – Non-Executive Member
- Mr. John Tshokoane Maimela - Chief Executive Officer (CEO) and
- Mr. Robert Maetisa - Property Manager

#### **4.3.1.3 COMMITTEE MEETINGS AND ATTENDANCE**

<b>Names</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Mr. John Gololo	✓	✓	✓	✓
Mr. Oupa Galane	✓	✓	✓	✓
Mr. John Tshokoane Maimela	✓	✓	✓	✓
Mr. Robert Maetisa	✓	✓	✓	✓

#### **4.3.1.4 POLICIES**

On an annual basis the PCP review its policies to be in line with the changing circumstances/environment so as to meet the needs of the tenants. The following policies were reviewed by the committee and adopted by the board during the period under review (01 July 2018 – 30 June 2019).

<b>Policy</b>	<b>Objective</b>
Housing Stock Development and Acquisition	The main purpose of the policy is to ensure that the development is feasible and in line with the long-term strategic objectives of the institution.
Property Management Policy	The purpose of this policy is to provide a means for PHA to ensure that all buildings are managed and maintained in a way that ensures efficient and optimal running, as well as to ensure that tenants are satisfied with the condition of the units
Property Administration Policy	The objective of the policy is to give guidance when dealing with selection and allocation processes. This policy is also for use as an operational document and therefore contains elements of a procedural nature
Property, Contracts and Projects (PCP) TOR	Guide the constitution and mandate of the committee
Tenants Committee Charter	Guide the constitution and mandate of Tenants Committees

#### **4.3.1.5 PROPERTY MANAGEMENT DELIVERY PERFORMANCE**

The Property Management Department covers facilities management and tenant services, which include:

- Administration of waiting lists;
- Allocation of tenants;
- Lease administration;
- Tenant training;
- Repairs and maintenance;
- Cleaning and Gardening;
- Safety and security; and
- General upkeep of communal areas.

#### **4.3.1.6 PORTFOLIO MANAGED BY PHA**

- **GA RENA RENTAL VILLAGES**

- **Overview of the Complex**

Ga-Rena property portfolio has been problematic to manage after few years of its inception. It was marred by protests and rental boycotts by tenants who always came with unrealistic demands such as units must be transferred to them for free as they are the same as RDP housing units which is not the case.

This project is a PHA initiated project, approved by Municipal Council and funded by Polokwane Municipality (R10m loan), COGHSTA (R20m institutional subsidies) and National Housing Finance Cooperation (R31.5m). The responsibilities of the above funders were limited to the funds provided for the projects.

- **Litigation Attorneys**

The entity has appointed Mohale Attorneys to:

- a) assist the entity in delivering restraining order in an effort to obtaining signed return of service for Mr. Aggie Makhura who was the main trouble maker at the village
- b) turn around rental collection at the village.

They issued letters of demand to non-paying tenants. There is no visible turn around on non-payment as the process of issuing letters of demand was immediately followed by the resurfacing of Mr. Makhura who convened a tenants meeting and told tenants to ignore the letters of demands from Mohale Attorneys and he further informed Mohale Attorneys to deliver these summonses to himself and not to the tenants.

The instruction was very clear that the court order should be handed and delivered to him in person and that he, himself must signed the return of service. The Deputy Sheriff served him with a court order but he refused to receive it. The deputy Sheriff explained

to him what the order is all about and recorded on the return of service that he refused to accept the order.

Mohale Attorneys are now spearheading the process of securing garnishing orders for 290 non-paying tenants. The Attorneys are currently issuing summonses to non-responsive tenants. We believe that this process is now proceeding without any interruption as over and above the serving of the restraining order, a security company has been appointed to prevent unruly behaviour by tenants and their self-appointed chairperson. We further believe that we will be able to see meaningful progress.

The next step from issuing summonses will be to issue default judgment through the court of law and then if still no progress, the entity will secure garnishing orders that will force non-paying tenants to pay for rentals and for services rendered. It should be noted that the cost of all these legal processes will be borne by the affected tenants.

Maake Attorneys have also been appointed to assist Mohale Attorneys to secure garnishing orders for 170 tenants who also are refusing to pay their rentals.

- **Administration of waiting list and tenant allocation Lease Administration**

The waiting list is outdated, the entity was unable to update it due to the strained relationship existed between the tenant's committee and the entity. The above problem also led to lease agreement not being properly managed.

Relationship has been mended with the new tenant committee. Tenant occupation status has been verified jointly with the new tenant committee in June 2019. This is the first step in paving a way to rework the waiting list, tenant allocation and lease management.

- **Repairs and Maintenance**

Maintenance is not performed, only where water/geyser leaks are reported is then that a plumber is sent to attend to the problem provided the tenant is paying the rental. For non paying tenants, water supply to the geyser is blocked and no other maintenance is performed.

Generally the project is dysfunctional, though PHA is trying every effort to ensure that the tenants are paying their rentals and PHA is gaining the complex's control.

The entity appointed a company (Chiefton Facilities Management) to do Maintenance audit in Ga Rena Rental Village. The exercise was successfully completed and recommendations made. The Municipality put R4m aside to assist with the maintenance of Ga Rental Village provided that the tenants have started servicing their rental account.

Engagement with the tenant committee and the attorney's efforts to recoup the outstanding monies in rental arrears is hoped to ignite the payment culture ultimately PHA will start maintaining the complex.

- **Cleaning and Gardening**

There is no cleaning and gardening services performed by PHA in the complex, except collection of refuse by the Municipality on weekly basis

- **Safety and Security**

MEG Security Services has been appointed to provide static security services and intervention services (eviction/red ant services) in the complex. Their first mandate was to take over the access control and patrol services in the complex and to maintain order. They successfully did that. They will further provide intervention services as and when there is any unwarranted behaviour in the complex.

MEG Security Services will take over security services Monday, 23 May 2019, after they have been introduced to the community as per the agreement. PHA is meeting with the new Tenant Committee which was elected on Tuesday (12/02/2019) to agree on ways to turn around the management of the complex.

- **Vacancy and Occupations report**

Due to problems highlighted above regarding the management of the complex, there is no accurate and official statistics relating to occupation and vacancy rate. Suspected sub-lets and illegal occupation are eminent, however the process of tenant verification will give clear picture of the above.

- **SESHEGO COMMUNITY RESIDENTIAL UNITS**

- **Overview of the Complex**

The property is owned by the Municipality and there is management agreement entered into between the Municipality and PHA. It has 198 units which includes 03 commercial

spaces and leave and work units. Operationally, the project is functional, there are no major issues that hamper the functionality of the complex.

- **Administration of waiting list and tenant allocation**

The tenants are allocated as they appear from the waiting and after being screened.

- **Lease Administration**

The agreements will be reviewed to reflect three-year lease instead of two years' initial period as resolved by the board.

- **Tenants Training**

New tenants are trained before they could occupy the unit. During the general tenant meeting held normally once in a quarter, the tenants are reminded of the house rules and lease clauses.

- **Repairs and Maintenance**

There are two artisan aid for plumbing and electrical, assisted by general workers to perform the maintenance function in the complex. Maintenance is performed immediately after a call has been logged for maintenance request.

Maintenance staff and general workers of the company are stationed in the complex and perform their duties from there.

- **Cleaning and Gardening**

There is monthly cleaning schedule used by the general workers to clean and do gardening in the complex.

- **Safety and Security**

The complex is access controlled, there is 24-hour security guards. There are boom gates and biometric access control system backed by surveillance cameras at the gate.

- **Vacancy and Occupations Report**

<b>Performance Indicators on Quarterly basis for 2018/19</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>Occupation Rate</b>	99%	99%	97%	100%

Performance Indicators on Quarterly basis for 2018/19	Q1	Q2	Q3	Q4
Vacancy Rate	1%	1%	3%	0%

#### **4.3.1.4 HOUSING STOCK DEVELOPMENT AND ACQUISITION**

##### **4.4.1 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 employed by the company. Companies were appointed to conduct pre-feasibility studies in the following housing programmes to establish viability of the proposed projects: *Social Housing, Student Accommodation and Gap Housing*.

The Pre-feasibility studies yielded positive results (proved the feasibility of the projects). The Parent Municipality as 100% shareholder, 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.

##### **4.3.1.7 Projects**

###### **A) Annadale Ext 2 Social Housing Project Brief**

- **Overview**

This development project refers to the Design and Construction of 494 Social Housing units at Annadale Ext 2 Township, which is situated within the City. Annadale Extension 2 is located on the Corner of Railway and Market streets and consists of Erf 513, 514, 515 and 516. Erven 514 and 515 have been consolidated to enable the project development.

The development shall be high density flats earmarked for GAP market focusing on people with an income of between R7500 – R15000 a month.

494 High Density (Residential 3) Units / Flats comprising of:

No. of units	Size of the units	Description
77	21m <sup>2</sup>	Bachelor
155	31m <sup>2</sup>	One Bedroom
183	51m <sup>2</sup>	Two Bedroom
77	58m <sup>2</sup>	Two Bedroom

PHA and its stakeholders involved in the project agreed to procure the project

internally, using capital injections and government grants. The decision thus postulated that the project be undertaken as an Engineering, Procurement, Construction Management (EPCM) procurement approach where the Client undertake the designs, procurement of the main Contractor and Contract Management of the development.



- **Grant Approval**

In December 2018, Social Housing Regulatory Authority (SHRA) approved PHA application for Consolidated Capital Grant (CCG) to the tune of **R134 202 298**. The

Municipality approved a top-up contribution of R94 million inclusive of professional fees (project funds) for the project.

The project was approved as Ga-Rena Phase 2, and later the board decided to name it by the township name “Annadale Ext 2” whilst waiting for the name committee to propose name.

- **Construction**

The site was handed over to the contractor (Motheo Construction) in February 2019. The following milestones can be reported to date.

- Site Clearance Completed.
- Excavation to Platforms of six platforms completed.
- Excavation for Services (Sewer and Water line) completed
- Raft Preparation for Platforms four platforms completed.
- Water Connection Point Installation in completed.
- Installation of Fencing at 70% complete.

## **B) Polokwane Ext 76 Social Housing Project**

- **Overview**

The successful bidder for Polokwane Ext 76 Social housing project proposed 240 social housing units. The final construction drawings are based on the said number. The grant application from Social Housing Regulatory Authority (SHRA) approved grants equal to 240 units.

A monthly royalty fee of 30% payable to PHA from gross rental collections was also negotiated with LADIRA JV.

After the procurement process, La-Dira / NJR JV was duly notified of the PHA / Municipality’s intent to appoint them subject to completion of the public participation process in terms of Section 33 of the MFMA.

- **Summary of value for money**

Description	Pre-Feasibility outcome	Actual Outcome from Competitive Bidding Process	Difference	Comments
Total Number of	190	240	50	Overall more

Description	Pre-Feasibility outcome	Actual Outcome from Competitive Bidding Process	Difference	Comments
Units				units
One Bedroom Units	57	24	(33)	Lower demand for 1 bedroom units as mainly families
Two Bedroom Units	114	216	102	Beneficial
Three Bedroom Units	19	-	(19)	No market for 3 bedroom rental identified
Development Costs	R119,269,130	R85,374,939	R33,894,191	Beneficial
Construction Period	24 Months	18 Months	06 Months	Beneficial
Concession Agreement	30 years	20 years	10 years	Beneficial
Royalty Fee % Payable to PHA	10%	20%	30%	Beneficial

- **Signing of conditional Consolidated Capital Grant (CCG) agreement**

SHRA and PHA signed the Consolidated Capital Grant (CCG) agreement for R65,248,080 (R37,200,000 for CCG and R28,067,280 for Top-up Subsidy from CoGHSTA) with PHA on the 15<sup>th</sup> of January 2019.

Whilst waiting for Treasury comments as indicated above, a request was made to the Municipal council to approve early implementation of the projects for the 1st three (3) years of its project lives in order to allow the processes by the PPP Unit to be finalized to enter into the remaining 17 contract years. This will assist in capping any further escalations in project costs in line with the MFMA.



Typical 3D impression of Ext 76 project



Studio (30 sqm)



1 Bedroom (43 sqm)



1 Bedrooms (54 sqm)

### **C) Polokwane Ext 108 and 106 Student Accommodation Projects**

- **Overview**

The Municipality recognized the need for student housing as a social challenge. The student Housing concept originated from a resolution adopted by the Polokwane Municipal Council, mandated its entity (PHA) to research the concept. A Transactional Advisor (Maya Group) was appointed and tasked to conduct a feasibility study to determine the feasibility and viability of developing student accommodation on an off-balance sheet, long-term lease basis as well as the best way to procure the project.

This feasibility study was specifically based on land owned by the Municipality, which has been earmarked for the projects – Extension 108 (1ha), and Ext 106 (11.5ha), approved by the Municipality’s Council for such use. The primary objective of the Project is to develop student housing in a cost-effective and efficient manner.

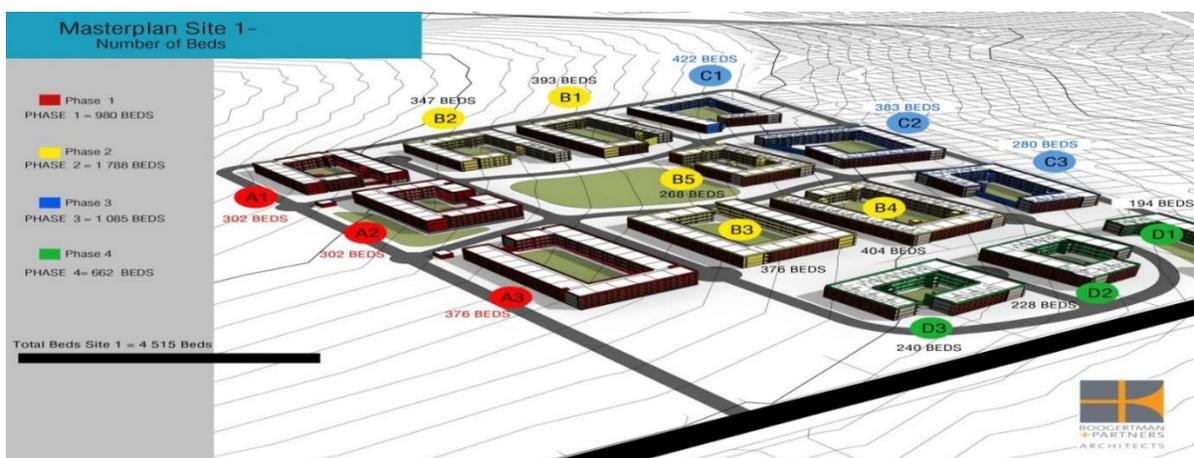
A student housing demand assessment was conducted for Polokwane Municipality which proved that the City was not immune to these challenges. The assessment found that the student accommodation ratio in the Municipality was approximately 1 bed to 13 students. Further to this, the study found that students who were not sufficiently accommodated within the residences were leasing apartments within the City Centre and had become victims of crime

The institution also lacks the in- house capabilities to construct, manage, operate and maintain the project asset. PHA is incapable of assuming any technical and financial risk. The project must be procured in a manner that enables PHA to transfer all technical and financial risk, as well as allow the institution to receive a financial benefit.

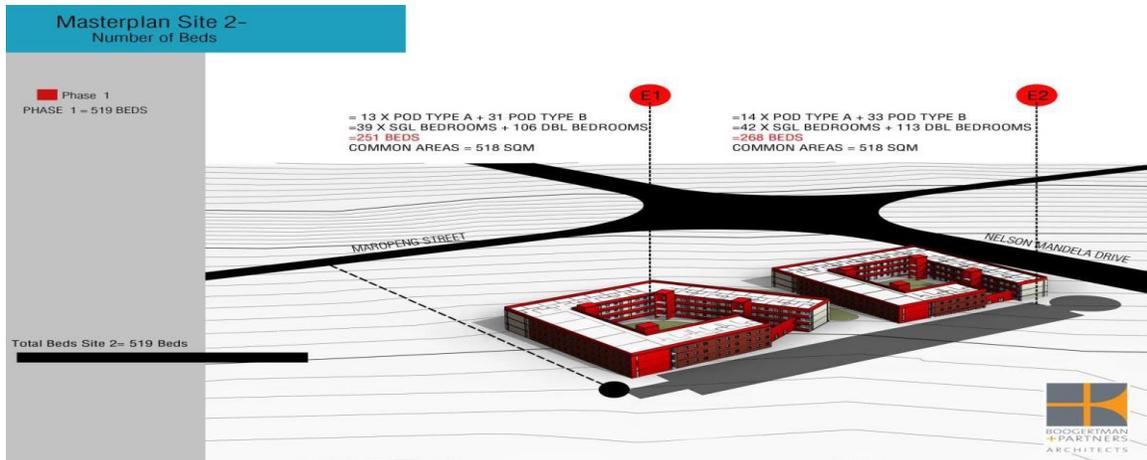
The PPP Agreement was structured such that the Municipality does not assume any financial exposure on the transaction.

- a) The private party is responsible for funding the project.
- b) The Municipality will facilitate but, is not guaranteeing, grants for the project, which accrue to the project as it is located in an urban restructuring zone.
- c) The private party is responsible for collection of rental income from students with no offtake and no financial exposure to the Municipality.
- d) In the event that a default triggers claims by lenders of the private party, the lenders will be provided step-in rights to manage the project and the Municipality shall continue to collect the project fee due to the Municipality, i.e. the Municipality will not assume liability on the project, even in instances where step-in rights of the lenders are triggered.
- e) In the event that the contract is cancelled due to private party default, agreement cancellation automatically triggers a retendering process to appoint a new private party to continue with the project, such that the Municipality remains protected from financial exposure.
- f) The private party has lodged a bid bond currently and for the duration of the project shall have a performance bond lodged with the Municipality in the event that the Municipality has to claim for any defaults that expose it to financial risk

The two projects were consolidated and awarded to one developer (Jendza) because the Ext 108 project bid was non-responsive. The Council gave approval for the Municipality to enter into a long-term Development lease (30 years) with its associated agreements for both Ext 106 and 108 project.



Masterplan for Polokwane Ext 106



Master Plan Ext 108



Above are two Pod types. Pod Type A, provides a mixture of 3 single rooms (9m<sup>2</sup> per single room) and 1 double room (15m<sup>2</sup> double room) with a common kitchen (20m<sup>2</sup> per kitchen) and 2 bathrooms (4m<sup>2</sup> per bathroom). Pod Type B, is a mixture of 3 (15m<sup>2</sup> double room) double rooms, a common kitchen (20m<sup>2</sup> per kitchen) and 2 bathrooms (4m<sup>2</sup> per bathroom).

#### D) Polokwane Ext 107 Gap Housing Project

- Overview

The Design, Built, Finance, Operate and Transfer (DBFOT) option on Extension 107 was the chosen approach approved by PHA and its stakeholders. Polokwane Housing Association contributed land towards the DBFOT concessionary agreement. The Concessionaire will transfer properties to the new home owners and pay over a royalty fee of 5% to PHA after the successful transfer. The assumption is that the developer will sell off the plan and thereby only require minimum capital outlay upfront which should reduce the amount to be borrowed.

After the completion of procurement processes, VHARANANI Properties was duly notified of the PHA / Municipality's intent to appoint them on subject to completion of the public participation process in terms of Section 33 of the MFMA.

A royalty fee of 7% payable to PHA from gross sales value of properties after successful transfer was also negotiated with VHARANANI.

### Summary of Value for Money Results

Description	Pre-Feasibility outcome	Actual Outcome from Competitive Bidding Process	Difference	Comments
Total Number of Units	±754	827	73	More units
One Bedroom Units	-	-	-	-
Two Bedroom Units	226	678	452	Beneficial
Three Bedroom Units	528	149	(379)	No market for 3 bedroom rental identified
Development Costs	R369,371,095	R337,416,252	R31,954,843	Beneficial
Construction Period	05 Years	02 Years	03 Years	Beneficial
Concession Agreement	20 years	05 years	15 years	Beneficial
Royalty Fee % Payable to PHA	5%	7%	2%	Beneficial
Proposed Land Sales Value versus Royalty Fee Receipt	R16,358,968	R27,266,152	R10,907,18	Beneficial

- **Ext 107 Project: Typical Housing Typologies**



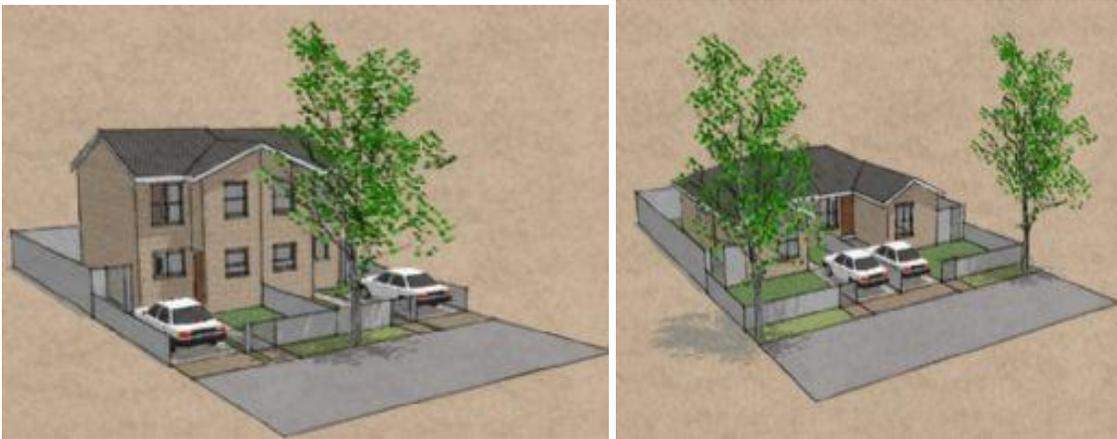
TYPE A - Single Storey Two Bedroom Semi Detached

44m<sup>2</sup>, Unit of 44 m Plots range in size from 122m<sup>2</sup> - 162m<sup>2</sup> TYPE B – Sub Type B/E - Double Storey Two

Plots

Bedroom Semi Detached End Unit of 55m<sup>2</sup>,

range in size from 82m<sup>2</sup> - 176m<sup>2</sup>



TYPE D - Single Storey Three Bedroom Semi Detached Unit of 57m<sup>2</sup>, Plot size = 154m<sup>2</sup>

TYPE F - Double Storey Three Bedroom Semi Detached

Unit of 63m<sup>2</sup>, Plot size = 113 to 166m<sup>2</sup>

## 4.3.2 Finance and Risk Committee

### 4.3.2.1 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

### 4.3.2.2 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.

- Mr. Matsobane Gololo - Board Member and Chairperson of Committee
- Mr. Oupa Galane - Board Member,
- Mr. Shimi Maimela - Chief Executive Officer
- Mr. Malesela Masekoameng – Finance Manager
- Mr. Sopholis Chuene –Secretary

**Table: Schedule of Committee Meetings**

Date	Mr. M Gololo	Mr. O Galane	Mr. J.T Maimela	Mr. M.S Masekoameng	Mr. S Chuene
21 Oct 2018	✓	✓	✓	✓	✓
03 Feb 2018	✓	✓	✓	✓	✓
10 Mar 2019	✓	✓	✓	✓	✓
19May 2019	✓	✓	✓	✓	✓

### 4.3.2.3 Highlights

- Finance policies were reviewed and amendments done where necessary.
- 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.
- The entity started with the development of Ga-Rena Phase two after successfully securing subsidies from SHRA and equity funding from parent municipality.

#### **4.3.2.4 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
- Decrease of rental collection from 33.59% to 29.15%.

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.

### **4.3.3 Human Resource and Remuneration Committee**

#### **4.3.3.1 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, half-yearly 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.

#### **4.3.3.2 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.

#### 4.3.3.4 Committee members

- Vilakazi Samson (Chairperson)
- Kgosana A (Member)
  
- **Permanent Invitees**
  - Maimela J.T (CEO)
  - Rasebotje MSC (HR Manager)

#### 4.3.3.5 Table: Schedule of Committee Meetings

Date	Mr. S Vilakazi	Ms. A Kgosana	Mr. J.T Maimela	Ms. M.S.C Rasebotje	Mr. S Chuene
21 Oct 2018	✓	✓	✓	✓	
03 Feb 2019	✓	✓	✓	✓	✓
10 March 2019	✓	✓	✓	✓	✓
19 May 2019	✓	✓	✓	✓	✓

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.

#### 4.3.3.6 Highlights

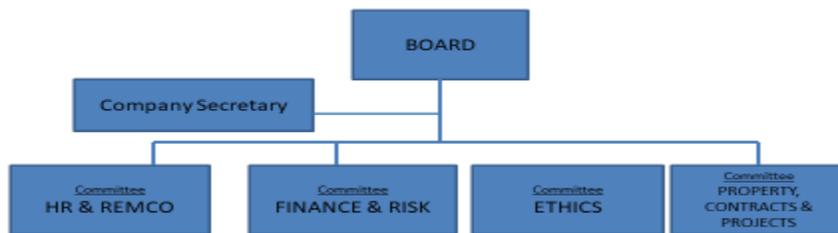
- The development and implementation of a Human Resource Strategy to guide the HR functions
- Reviewal of Human Resource policies
- Alignment of salaries within PHA to those similar at the parent Municipality.
- Appointment of CEO

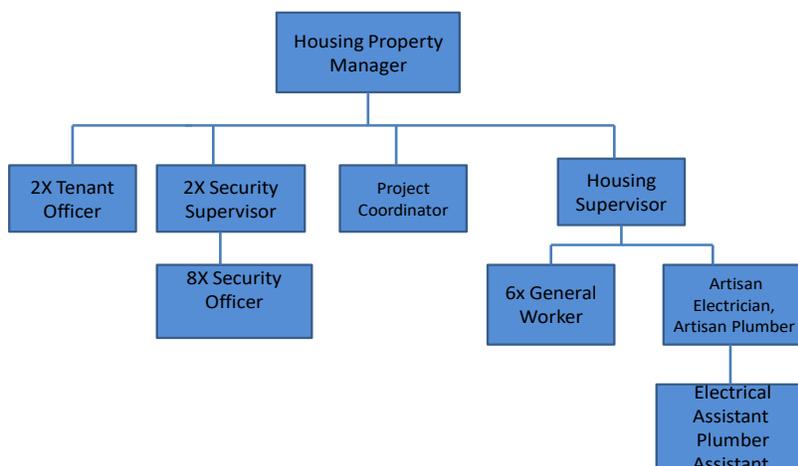
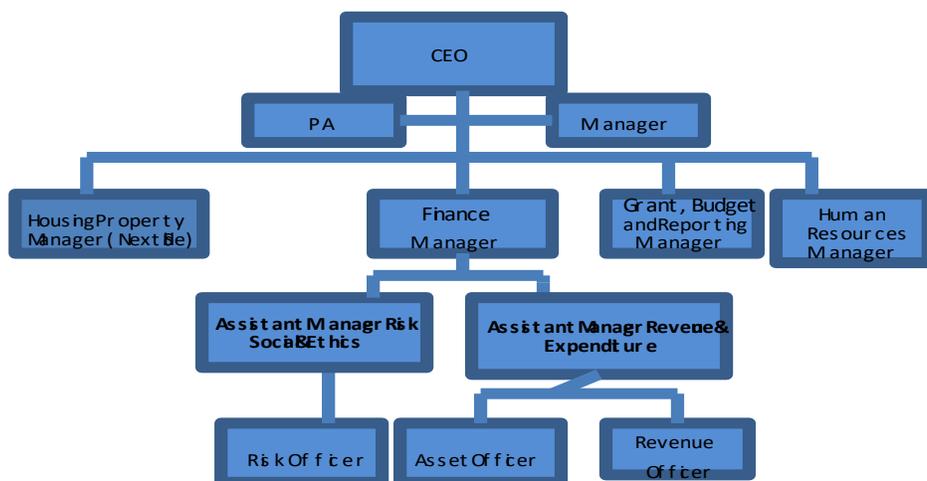
- Development of a General worker into an artisan Plumber.
- Officials trained on the basics for SHRA

#### 4.3.3.7 Challenges

- The non-appointment a full time Company secretary.
- The organization has not been able to operate at full potential owing to the non-appointment of the key personnel.
- Overburdened officials

#### 4.3.3.8 Organisational Structure





#### 4.3.3.9 Mandate of the Social and Ethics Committee

The mandate of the social & ethics committee gives the committee three responsibilities:

1. To monitor the company's activities with regard to the following five areas of social responsibility:

- (i) social and economic development;
  - (ii) (ii) good corporate citizenship;
  - (iii) (iii) the environment, health and public safety;
  - (iv) (iv) consumer relationships; and
  - (v) (v) labour and employment.
2. To draw matters within its mandate to the attention of the Board as required.
  3. To report to the shareholders at the company's annual general meeting on the matters within its mandate.

King Report III report on Cooperate Governance for South Africa have a chapter on “Ethical Leadership and Corporate Citizenship”, states two principles in the report that are addresses: corporate social performance and corporate ethics performance aspects.

#### **4.3.3.10 Corporate Social Performance**

On the social aspect, the King report states that: *“The board should ensure that the company is and is seen to be a responsible corporate citizen”*.

The report further state that *“as a responsible corporate citizen, the company should protect, enhance and invest in the well-being of the economy, society and the natural environment. Responsible corporate citizenship implies an ethical relationship of responsibility between the company and the society in which it operates.*

The report and the Companies Act requires the company to measure the impact of its decisions or activities on society in the following areas:

- a) the company should consider its social impact on the workplace. That would, amongst others, imply that the company should take care of the health, safety and development of its staff.
- b) the company needs to consider its impact on the communities affected by its operations. This would involve matters such as the impact of its products and services on the safety and health of consumers and on the development of the community.
- c) the company needs to consider how its activities impact on the natural environment. This brings factors such as pollution, the use and conservation of scarce natural resources, and environmental sustainability into play.
- d) the company should consider and be accountable for its impact on the marketplace in which it operates. This implies that the company should ensure that it does not, for example, undermine fair competition, or harm local economic development. The company should also ensure that its supply chain does the same.

#### 4.3.3.11 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 should ensure is implemented in the company consists of four aspects:

- a) the assessment of a company's ethics risks and opportunities. This entails engaging with stakeholders to determine whether there are negative risks to which the company is exposed. Negative ethics risks refer to **unethical behaviors** (e.g. fraud, abuse of company property, gender or racial discrimination), **unethical practices** (e.g. nepotistic employment or corrupt procurement practices) or **unethical beliefs** that might exist in the company.
- b) the development of ethics standards and policies. Based on its unique ethics risk profile, the company should develop ethics standards that will assist it in avoiding ethics risk and embracing ethics opportunities e.g. a code of conduct and/or ethics policies on specific matters, such as giving or receiving gifts, procurement, or conflicts of interest.
- c) the implementation of ethics standards and policies. implementation can be achieved through various interventions, such as training, communication, safe-reporting mechanisms, reward systems, and disciplinary procedures.
- d) The final aspect of an ethics management process consists of internal and external reporting on the ethics performance of the company.  
**Internally**- the internal audit team needs to report to the company's management and board on the adequacy and effectiveness of the ethics management process. **Externally**- the company's ethics performance needs to be reported in the company's integrated report that will be disclosed to its shareholders and other stakeholders.

#### 4.3.3.12 Discussion

The Board of Directors for Polokwane Housing Association (PHA) has established ethics committee that is constituted by two directors and one namely: Mr Oupa Galane, Mrs Asnath Kgosana, Mr Shimi Maimela and Mr Sopholis Chuene.

In compliance with the companies Act and guidelines provided by the King III report on Corporate governance, the company's annual (2018/2019) performance is indicated in the table below.

Corporate Social Performance		
Activities	Performance Status	Comments
Safety and Security in the complexes	<ul style="list-style-type: none"> <li>PHA have appointed two security companies for the two complexes that provides access control and patrol services to ensure safety of the tenant's properties.</li> <li>Incidents are recorded on occurrence book, those that constitute criminal elements are reported to the Police</li> </ul>	<p><b>Seshego CRU</b> – no serious incidents except unbecoming behaviors of tenants like noise nuisance on weekends. Security has put the situation under control.</p> <p><b>Ga Rena Rental Village</b>- incidents like car break in, hijacking of units etc. happened before the new security is appointed. For the period starting from March 2019, there are no negative incidents to report on.</p>
Health and Hygiene	<ul style="list-style-type: none"> <li>There are cleaning rosters developed for keeping the complex clean as property management policy.</li> <li>On weekly basis the Municipality is collecting refuse in the designated areas in the complexes.</li> </ul>	<p><b>Seshego CRU</b> – cleaning roster for gardening and cleaning is adhered to and the complex is clean.</p> <p><b>Ga Rena rental village</b> – for the period under review, there is no report since PHA staff was removed from the complex.</p>
Environmental Sustainability Consideration during the development	<ul style="list-style-type: none"> <li>PHA subscribe to the preserving the environment thereby discouraging unwarranted behavior like air pollution, dumping etc.</li> </ul>	<ul style="list-style-type: none"> <li>In all the developments, the environmental impact assessment is conducted and the recommendation are complied with.</li> </ul>
Fair Competition and Local Economic Development	<ul style="list-style-type: none"> <li>PHA is promoting local economic development by providing spaces for small businesses and street traders to operate in. CRU is the perfect example.</li> <li>When there are services or product to be supplied to PHA fair and transparent procurement processes are followed.</li> </ul>	<ul style="list-style-type: none"> <li>Supply Chain Management policy and regulations are fully complied with at all times.</li> </ul>

<b>Corporate Ethics Performance</b>		
<b>Activities</b>	<b>Performance Status</b>	<b>Comments</b>
Development and Maintenance of Risk register	<ul style="list-style-type: none"> <li>▪ There company has a risk champion who is facilitating risk related matters as the policies.</li> <li>▪ Risk profile and register are developed annually, reviewed, adopted and reported on during the Risk Committee meetings.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal audit and risk committees are monitoring the compliance in this regard.</li> </ul>
Unethical behaviors and practices	<ul style="list-style-type: none"> <li>▪ There are no fraud cases reported , abuse of company property, gender or racial discrimination.</li> </ul>	<ul style="list-style-type: none"> <li>▪ There is a fraud policy workshopped to staff</li> <li>▪ Code of conduct is also workshopped on regular basis to staff.</li> </ul>
Ethics Standards	<ul style="list-style-type: none"> <li>▪ There is a code of conduct for staff</li> <li>▪ Declaration of interest register is signed in all meetings by the Board members and the staff</li> <li>▪ There are various policies, process and procedure guidelines that guides administrative staff on how execute their tasks in an ethical manner,</li> </ul>	<ul style="list-style-type: none"> <li>▪ Staff comply with the policies and procedures.</li> </ul>
implementation of ethics standards and policies	<ul style="list-style-type: none"> <li>▪ Policies are reviewed on an annual basis to keep them with changing times.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Policies are regularly workshopped.</li> </ul>
Internal reporting – Audit Team	<ul style="list-style-type: none"> <li>▪ Internal audit reporting to the audit committee which plays an oversight role</li> </ul>	<ul style="list-style-type: none"> <li>▪ Quarterly meetings are held</li> </ul>
External reporting – Annual report	<ul style="list-style-type: none"> <li>▪ Half yearly and annual reports prepared in line with the MFMA</li> </ul>	<ul style="list-style-type: none"> <li>▪ Approved by the Board of Directors and the Municipal Council (Shareholder)</li> </ul>

### 4.3.3.13 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 on the verge of registering with the LGSETA, which will allow officials to be trained in various fields with grants money.

- **Employee Wellness**

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

The entity is planning to have its' health screenings done separate from that of the shareholder where reports can be scrutinised and relevant interventions taken.

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.

- **Recruitment**

The entity has been able to appoint the CEO and the process did not have any flaws to it. Partial secondment of officials from the shareholder to assist the entity at a nominal fee was made and that saw improvements in the entity's operations while saving money that could have been spent on an external recruitment.

### 4.3.4 Social and Ethics

#### 4.3.4.1 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 (2) 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 council.

The following awards were made during the financial year.

Name of Supplier render	Amount	Description of services
----------------------------	--------	-------------------------

➤ Key and Sounds	R 2 632.5	Keys
➤ Preflo	R 13 600.00	Materials
➤ Tshelimasa Trading	R 3 500.00	Fixing of Geysers
➤ Voltex	R 7 968.81	Electrical Materials
➤ Mabone Construction	R 24 558.15	Materials
➤ Modular Plumbing	R 12 600.00	Geyser
➤ Bargain House	R 34 821.00	Materials
➤ Brighton Plumbers	R 1 500.00	Repairing of Geysers
➤ Total	R 101 180.46	

**CHAPTER 5. SERVICE DELIVERY PERFORMANCE**

**5.1 Core Business/ Basic Service Delivery**

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Weighting	Rating	Start Date	End Date	Annual Target	Annual Target Achieved	Notes	Interventions	POE
<b>Core Business/ Basic Service Delivery</b>													
Improve quality of living	No of Maintenance requests received and attended to within two weeks of making the request by 30 June 2019	Number	150	150	25%	5	01-Jul-18	30-Jun-19	150	158	An over performance of 5% is recorded under this item. This is due to the fact that the entity gained access to Ga-Rena Complex earlier than anticipate	The entity will now plan properly since taking over the management of the complex	CEO 1

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Weighting	Rating	Start Date	End Date	Annual Target	Annual Target Achieved	Notes	Interventions	POE
											d		
	Maintain conditional rental housing accreditation with SHRA by 30 April 2019	Frequency	Conditional accreditation	Maintain rental housing accreditation with SHRA by 30 April 2019	30%	5	01-Dec-18	30-Apr-19	Conditional accreditation	Maintained Conditional Accreditation	N/A	N/A	CEO 2
	Identify one land parcel to create integrated housing units (BNG, GAP & Open market housing units and business unit ) by 30	Date	New	Identify one land parcel to create integrated housing units (BNG, GAP & Open market housing units and business unit) by 30	15%	5	01-Jul-18	30-Dec-18	Identify one land parcel to create integrated housing units (BNG, GAP & Open market housing units and business unit) by 30	Identified one land parcel to create integrated housing units (BNG, GAP & Open market housing units and business unit) by 30	N/A	N/A	CEO 3

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Weighting	Rating	Start Date	End Date	Annual Target	Annual Target Achieved	Notes	Interventions	POE
	December 2018			December 2018					December 2018	December 2018			
	Identify one land parcel to create rental housing Units by 30 December 2018	Date	New	Identify one land parcel to create rental housing Units by 30 December 2018	15%	5	01-Jul-18	30-Dec-18	Identify one land parcel to create rental housing Units by 30 December 2018	Identified one land parcel to create rental housing Units by 30 December 2018	N/A	N/A	CEO 4
	Identify one land parcel to create residential 1 units & social housing Units by 30 December 2018	date	New	Identify one land parcel to create residential 1 units & social housing Units by 30 December 2018	15%	5	01-Jul-18	30-Dec-18	Identify one land parcel to create rental housing Units by 30 December 2018	Identified one land parcel to create rental housing Units by 30 December 2018	N/A	N/A	CEO 5
<b>Total Weight</b>					<b>100%</b>								

## 5.2 Financial Viability

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Weighting	Rating	Start Date	End Date	Annual Target	Annual Target Achieved	Notes	Interventions	POE
<b>Financial Viability</b>													
Enhance revenue and asset base	% of PHA rental housing units occupied by June 2019	Percentage	95%	96%	15%	5	01-Jul-18	30-Jun-19	96%	94.48%	The target was not met by 1.52%. Non achievement of the target was as a result of management locked out of the complex during rental boycotts. and that units could not be filled	A security company that performs static and intervention services has since been appointed to prevent this kind of criminal activity happening of tenants interfering with the activities of the PHA.	CEO 6

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Weighting	Rating	Start Date	End Date	Annual Target	Annual Target Achieved	Notes	Interventions	POE
	Maintain unqualified audit opinion by 20 December 2018	Frequency	Unqualified opinion	Unqualified opinion	15%	5	01-Jul-18	20-Dec-18	Unqualified opinion	Unqualified opinion	N/A	N/A	CEO 7
	Complete Physical Asset Verification for Moveable assets by August 2018	Number	1	1	5%	5	01-Jul-18	30-Aug-18	1	1	N/A	N/A	CEO 8
	% of rental collected by 30 June 2019	Percentage	45%	82%	20%	5	01-Jul-18	30-Jun-19	82%	29%	Target not met as a result of rental boycotts at Ga-Rena	A security company that performs static and intervention services has since been appointed	CEO 9

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Weighting	Rating	Start Date	End Date	Annual Target	Annual Target Achieved	Notes	Interventions	POE
												to prevent this kind of criminal activity happening of tenants interfering with the activities of the PHA.	
	Secure restructuring grants and top up subsidies for the construction of Annandale Ext 2 by 31 March 2019	date	New	Secure restructuring grants and top up subsidies approval for the construction of Annandale Ext 2 by 31 March	20%	5	31-Oct-18	31-March-19	Secure restructuring grants and top up subsidies approval for the construction of Annandale Ext 2 by 31 March	Secured restructuring grants and top up subsidies approval for the construction of Annandale Ext 2 by 31 March	N/A	N/A	CEO 10

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Weighting	Rating	Start Date	End Date	Annual Target	Annual Target Achieved	Notes	Interventions	POE
				2019					2019	2019			
	Submit application for restructuring grants and top up subsidies for the construction of Bendor X 100 by 30 June 2019	date	New	Submit application for restructuring grants and top up subsidies for the construction of Bendor X 100 by 30 June 2019	5%	5	31-Oct-18	30-Jun-19	Submit application for restructuring grants and top up subsidies for the construction of Bendor X 100 by 30 June 2019	Target not met	Awaiting project approval from CoGHSTA	Management will continue to follow up CoGHSTA in an effort to obtain the necessary approvals	CEO 11

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Weighting	Rating	Start Date	End Date	Annual Target	Annual Target Achieved	Notes	Interventions	POE
	Secure restructuring grants and top up subsidies to enable the appointed contractor to commence with construction at Polokwane extension 76 by 30 March 2019	Date	New	Secure restructuring grants and top up subsidies approval to enable the appointed contractor to commence with construction at Polokwane extension 76 by 30 March 2019	20%	5	31-Oct-18	30-Mar-19	Secure restructuring grants and top up subsidies approval to enable the appointed contractor to commence with construction at Polokwane extension 76 by 30 March 2019	Secured restructuring grants and top up subsidies approval to enable the appointed contractor to commence with construction at Polokwane extension 76 by 30 March 2019	N/A	N/A	CEO 12
<b>Total Weight</b>					<b>100%</b>								

### 5.3 Governance and Transformation

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Weighting	Rating	Start Date	End Date	Annual Target	Annual Target Achieved	Notes	Interventions	POE
<b>Governance and Transformation</b>													
Improve admin and governance capacity	Prepare and submit Annual Financial Statements (AFS) to Auditor General (SA) by 31 Aug 2018	Date	31-Aug-18	31-Aug-18	20%	5	01-Jul-17	31-Aug-18	Prepare and submit Annual Financial Statements (AFS) to Auditor General (SA) by 31 Aug 2018	Prepared and submitted Annual Financial Statements (AFS) to Auditor General (SA) by 31 Aug 2018	N/A	N/A	CEO 13
	Prepare and submit revised Budget to the Shareholder by 28 Feb 2019	Date	Feb-18	28-Feb-19	15%	5	01-Dec-18	28-Feb-19	Prepare and submit revised Budget to the Shareholder by 28 Feb 2019	Prepared and submitted revised Budget to the Shareholder by 28 Feb 2019	N/A	N/A	CEO 14

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Weighting	Rating	Start Date	End Date	Annual Target	Annual Target Achieved	Notes	Interventions	POE
	Prepare and submit the final Entity Budget to the Shareholder by 30 March 2019	Date	Mar-18	Mar-19	15%	5	01-Dec-18	30-Mar-19	Prepare and submit the final Entity Budget to the Shareholder by 30 March 2019	Prepared and submitted the final Entity Budget to the Shareholder by 30 March 2019	N/A	N/A	CEO 15
	Prepare and submit the Entity Annual Report to the Shareholder by 20 December 2018	Date	Dec-17	20-Dec-18	15%	5	01-Jul-18	20-Dec-18	Prepare and submit the Entity Annual Report to the Shareholder by 20 December 2018	Prepared and submitted the Entity Annual Report to the Shareholder by 20 December 2018	N/A	N/A	CEO 16
	Submit the Annual Returns and/or	Date	May-19	30-May-19	20%	5	01-Jul-18	30-May	Submit the Annual Returns and/or	Target not met	The system kept	management will ensure that the target is	CEO 17

Strategic Objective	Performance Indicators	Unit of Measure	Baseline	Annual Target	Weighting	Rating	Start Date	End Date	Annual Target	Annual Target Achieved	Notes	Interventions	POE
	amendments to CIPC by 30 May 2019								amendments to CIPC by 30 May 2019		giving an error sign when re	met during the first quarter of 2019/20	
Invest in human capital and retain skills	Review Human Resources Strategy by 30 June 2019	Number	New	Review Human Resources Strategy by 30 June 2019	15%	5	01-Jul-18	30-Jun-19	Review Human Resources Strategy by 30 June 2019	Reviewed Human Resources Strategy by 30 June 2019	N/A	N/A	CEO 18
<b>Total Weight</b>					<b>100%</b>								

## CHAPTER 6: FINANCIAL PERFORMANCE

### 6.1 Summary of Financial performance

PHA has a net asset value of R116 million and the current assets at R23 million, the material difference is as a result of unspent grant from SHRA at year end.

The revenues for the year amounted to R56 million which was raised from rental income from the leased property of R11,6 million plus R44,4 million as government grants. Total expenditure was at R41,9 million including employee costs and Directors fees. Revenue less expenditure resulted in a deficit of R14,4 million.

The company achieved the positive cash balance for the year of R22.4m.

#### Notice

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Document enquiries can be directed to Polokwane Housing Association:

No. 35 Landros Mare Street, Polokwane, 0700, **SOUTH AFRICA**

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.

---

**J.T. Maimela**

---

**Date**

**Chief Executive Officer:**

## **Annexures**

Annexure A: 2018-2019 Annual Financial Statement

Annexure B: 2018-2019 Audit Report