



ANNUAL REPORT

FINANCIAL YEAR
2024/25



Strengthening Housing Delivery Through Compliance and Innovation

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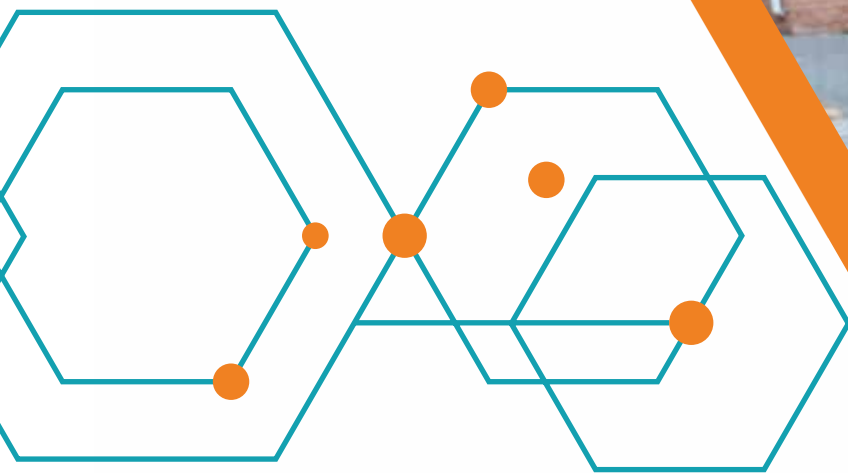
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PART

A



GENERAL INFORMATION

Public Entity's General Information

| | |
|---------------------------|--|
| REGISTERED NAME: | Social Housing Regulatory Authority |
| PHYSICAL ADDRESS: | Sunnyside Office Park Sentinel House, Third Floor 32 Princess of Wales Terrace Parktown, 2193 Johannesburg South Africa |
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| EMAIL ADDRESS: | info@shra.org.za |
| WEBSITE: | www.shra.org.za |
| EXTERNAL AUDITORS: | RAiN Chartered Accountants Inc. |
| BANKERS: | First National Bank Limited Corporation for Public Deposits with South African Reserve Bank |
| COMPANY SECRETARY: | Yolanda Du Preez |



Social Housing Regulatory Authority



@SHRA_Online



shra_online



Social Housing Regulatory Authority

List of Abbreviations/Acronyms

| Abbreviation | Description |
|--------------|--|
| AIA | Africa International Advisors |
| APP | Annual Performance Plan |
| ARC | Audit and Risk Committee |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BNG | Breaking New Ground Policy (2004) |
| CAR | Compliance, Accreditation and Regulation |
| CCG | Consolidated Capital Grant |
| CEO | Chief Executive Officer |
| COLA | Cost of Living Adjustment |
| CP | Conditions Precedent |
| CRU | Community Residential Unit |
| DHS | Department of Human Settlements |
| EC | Eastern Cape |
| ENE | Estimate of National Expenditure |
| ERRP | Economic Reconstruction and Recovery Plan |
| EXCO | Executive Committee |
| FC | Financial Closure |
| FNB/BER | First National Bank/Bureau for Economic Research |
| FS | Free State |
| GP | Gauteng Province |
| GRAP | Generally Recognised Accounting Practice |
| HDA | Housing Development Agency |
| HR | Human Resources |
| HSRC | Human Sciences Resource Council |
| ICAS | Independent Counselling and Advisory Services |
| ICT | Information Communication Technology |
| IIG | Institutional Investment Grant |
| IS | Institutional Subsidy |
| KZN | KwaZulu-Natal |
| LP | Limpopo Province |
| MANCO | Management Committee |
| MEC | Member of Executive Council |
| MIC | Minimum Investment Criteria |
| MISA | Municipal Infrastructure Support Agent |
| MOE | Municipal Owned Entities |
| MP | Mpumalanga Province |
| MTDP | Medium Term Development Plan |
| MTSF | Medium Term Strategic Framework |
| NC | Northern Cape |

| Abbreviation | Description |
|--------------|---|
| NDoHS | National Department of Human Settlements |
| NDP | National Development Plan |
| NPC | Non-Profit Company |
| NW | North West |
| ODA | Other Delivery Agent |
| OTP | Offers to Purchase |
| PD&F | Project Development and Funding |
| PFMA | Public Finance Management Act (Act No. 1 of 1999) |
| POPIA | Protection of Personal Information Act |
| PSCC | Property Sector Charter Council |
| RCG | Restructuring Capital Grant |
| RRRP | Residential Rent Relief Programme |
| SALGA | South African Local Government Association |
| SCOPA | The Standing Committee on Public Accounts |
| SD&T | Sector Development and Transformation |
| SHI | Social Housing Institution |
| SHRA | Social Housing Regulatory Authority |
| WC | Western Cape |



Foreword by The Minister

Honourable Thembu Simelane, MP
Minister of Human Settlements

Research conducted by the Human Sciences Research Council (HSRC) indicates that situating social housing in high-value inner-city areas could lead to improved employment opportunities, increased disposable incomes, reduced travel costs, enhanced education, and better healthcare. The primary objective of social housing is to integrate low and middle-income households into well-located, cohesive neighbourhoods, thereby addressing the enduring legacy of spatial segregation and inequality.

Social housing is a powerful tool to restructure our cities and broaden access to opportunity. It also allows multiple families to benefit from a single public investment in housing infrastructure maximising impact and promoting inclusive urban growth.

The Social Housing Regulatory Authority (SHRA) plays a critical role in ensuring that this public investment reaches deserving beneficiaries and has national impact. Between 2019 and 2024, the SHRA delivered 13 885 social housing units, achieving 77% of its 18 000-unit target under the 2019-2024 Medium-Term Strategic Framework (MTSF). In 2024/25 the final year of that strategic cycle a further 1 364 units were completed, reflecting sustained, though uneven, progress across provinces.

As we begin the Medium-Term Development Plan (MTDP) 2024-2029 and implement the Strategic Plan 2025-2030, we need to build on our progress and address existing structural gaps. With Gauteng leading in project delivery due to its economic and demographic prominence, it is essential for the SHRA to pursue a strategy ensuring more equitable distribution of projects across regions. No province should be left behind in accessing quality, affordable rental housing.

Of the 72 projects currently in the SHRA pipeline, 32 are led by Other Delivery Agents (ODAs) and 40 by accredited Social Housing Institutions (SHIs), including municipal-owned entities. Encouragingly, most of these projects are majority Black-owned or controlled, signalling progress in transformation. However, I remain concerned about the number of projects that are currently blocked or distressed particularly those under the management of SHIs.

As Minister, I plan to collaborate with SHIs to enhance their capacity and financial stability. A strong SHI sector is vital for expanding social housing access.

It's notable that the SHRA has now achieved a clean audit for the second consecutive year, while also improving its performance from 64 to 83. These consistent achievements demonstrate strengthened governance, inspire confidence in its leadership, and set a solid foundation for future growth and innovation in the social housing sector.

As we begin a new strategic journey toward 2030, I expect the SHRA to sustain this momentum, deepen its impact across all provinces, and ensure that every social housing unit developed transforms lives, supports mobility, and contributes to spatial justice.

Honourable Thembu Simelane, MP
Minister of Human Settlements

Date: 29 August 2025



Foreword by The Chairperson

Ms. Pulane Mogotsi-Thobejane

Council Chairperson, Social Housing Regulatory Authority (SHRA)

Introduction

As the Chairperson of the Social Housing Regulatory Authority (SHRA), I am honoured to present the 2024/25 Annual Report. This report highlights our resilience and renewed direction, marking the end of the 2020-2025 Strategic Plan and the beginning of the next cycle aligned with the Medium-Term Development Plan (MTDP) 2024-2029 and the upcoming Strategic Plan 2025-2030.

Performance Reflections and the Road Ahead

Our priorities under the 2019-2024 MTSF focused on spatial transformation through integrated, affordable rental housing in well-located urban areas. We are proud to report the delivery of 13 885 units over the MTSF period, achieving 77% of the 18 000-unit target. In 2024/25 alone, an additional 1 364 units were completed, forming a critical foundation for our new medium- and long-term commitments.

Growth in the regulated portfolio has been substantial. From 36 305 units under management in 2019 to over 50 000 in 2025, we have expanded access while increasing the number of delivery agents from 28 to 42. This growth, while significant, highlights the need for continuous investment in regulatory oversight and institutional capacity to ensure quality, affordability, and sustainability across our portfolio.

Strategic Partnerships and Collaboration

We continue to emphasise the power of strategic partnerships working closely with provinces, municipalities, national entities, and public and private funders. These collaborations are vital as we enter a new development phase, with 72 pipeline projects representing more than 36 000 potential units and an investment value of R15 billion.

The success of this next phase depends on our ability to align delivery mechanisms with the realities of shrinking budgets, urban growth, and diverse housing needs.

Persistent Challenges

The SHRA has not been immune to challenges. Fiscal constraints have required sharper prioritisation. The presence of criminal activity on construction sites, project hijackings, and increasing municipal service costs continue to threaten sustainability. At the same time, our role as regulator demands that we address underperforming institutions decisively. Several SHIs continue to struggle due to weak governance, poor maintenance, and financial stress. These issues require a strengthened regulatory toolkit, proactive monitoring, and, where needed, targeted intervention.

Strategic Focus Going Forward

As we enter the 2024-2029 MTDP and prepare for the 2025-2030 Strategic Plan, our focus is shifting toward long-term resilience. This includes:

- Enhancing affordability not only through rental pricing, but also by addressing rising municipal rates, utilities, and administered costs;
- Strengthening the regulatory framework to support early detection and mitigation of risks;
- Accelerating project implementation and broadening participation in underrepresented provinces;
- Promoting transformation throughout the social housing value chain; and
- Embedding sustainability and climate resilience in our governance and risk systems.

We also recognise the growing need to embed environmental and social sustainability into our planning and risk frameworks. Climate change is reshaping the urban landscape, and our approach must evolve accordingly to protect both communities and investments.

Governance and Leadership

The Council has remained stable, allowing for consistency in governance and oversight. Despite some resignations, new appointments have brought fresh expertise and energy. Succession planning, especially at the executive level, will remain a key focus to ensure long-term continuity and institutional memory.

Acknowledgements

I express my deep gratitude to the Honourable Minister for the confidence shown in me, and for her steadfast support of the SHRA's work. I also thank our delivery partners, provincial and local governments, sector stakeholders, and private sector collaborators who continue to drive this programme forward. Most importantly, I salute the employees and executives of the SHRA, whose dedication and professionalism remain the bedrock of our achievements.

Conclusion

This Annual Report marks a strategic transition. We review the past five years and look ahead with confidence. The MTDP 2024-2029 and Strategic Plan 2025-2030 outline an ambitious agenda, positioning the SHRA to succeed.

Together, let's advance our mission of fostering inclusive, empowered, and integrated communities through social housing.



Ms. Pulane Mogotsi-Thobejane

Council Chairperson, Social Housing Regulatory Authority (SHRA)

Date: 29 August 2025



ACTING CHIEF EXECUTIVE OFFICER

Mr. Lebowa Letsoalo
Acting Chief Executive Officer

Introduction

As I complete my first year as ACEO of the SHRA, I am pleased to present the Annual Report for the 2024/25 financial year. This report concludes the SHRA's 2020-2025 Strategic Plan and begins a new cycle aligned with the MTDP 2024-2029 and the Strategic Plan 2025-2030. It marks a moment of reflection and renewal.

This past year showcases SHRA's resilience, commitment to inclusive housing, and determination to provide affordable, well-located rental accommodation despite economic challenges. We are proud to contribute to the government's vision for integrated, fair human settlements that meet the needs of low- and middle-income South Africans.

Sector and Economic Landscape

The broader operating environment remains difficult. Persistently high interest rates, inflationary pressures from administered prices, and consumer strain have elevated demand for rental housing while simultaneously eroding household affordability. These challenges underscore the importance of SHRA's work—ensuring that affordable social housing remains accessible, sustainable, and of good quality.

During the 2024/25 financial year (post-MTSF), the SHRA facilitated the completion of 1 364 social housing units, achieving 51% of the annual target of 2 699 units.

Organisational Performance

Our institutional performance significantly improved, with the achievement rate for predetermined objectives rising from 64% in 2023/24 to 83% in 2024/25. We maintained the unqualified audit with no material findings for the second year in a row, marking a historic milestone and reflecting enhanced internal controls and stronger governance.

Transformation continues to be a key driver. While 41% of procurement spend was directed to women-owned businesses, progress toward other designated groups especially youth and persons with disabilities remains an area for focused improvement in the new cycle.

The delivery also facilitated economic development. Social housing projects generated over 8,400 job opportunities during the year, aligning with the objectives of the Economic Reconstruction and Recovery Plan (ERRP), and illustrating the impact of targeted infrastructure investment.

Institutional Strengthening and Risk

Vusi was appointed in the 2023/24 financial year, our governance, underpinned by the PFMA and King IV principles, is stable and responsive.

That said, fiscal constraints have affected full implementation of structural reforms. Engagements with the shareholder department and National Treasury will continue to ensure that the institution is adequately resourced to meet growing sectoral expectations.

We faced increasing threats like project hijackings, criminal syndicates, and distressed social housing institutions. Our firm interventions, such as regulatory support, on-site controls, and stronger security protocols, protect the state's investment and beneficiaries' rights.

Financial Performance

The SHRA incurred surplus of 2.5 million in 2024/25. Notably, R 800 mil was spent on the Consolidated Capital Grant (CCG), equating to 100% of the revised allocation.

While SHRA has consistently demonstrated strong fiscal discipline—with a three-year average spending rate of 97% a R315 million baseline reduction over the next three years will adversely affect our ability to deliver units at the required scale. We must respond with innovation, tighter project management, and enhanced collaboration across the housing value chain.

Future outlook

As we now enter the MTDP 2024-2029 and move toward implementation of the Strategic Plan 2025-2030, SHRA's focus will sharpen around:

- Expanding and de-risking the national project pipeline;
- Enhancing provincial and municipal capability to support delivery;
- Securing the long-term financial viability of SHIs and ODAs;
- Driving sector-wide transformation and equity;
- Strengthening affordability by tackling not only rent but rising utility and service costs;
- And embedding sustainability and resilience particularly in the face of climate and infrastructure-related risks.

We are already seeing momentum. The SHRA has accredited new delivery agents, activated new projects, and unlocked significant opportunities for job creation and spatial transformation. A total of 72 projects are now in the pipeline, with a combined yield of over 36 000 units and a projected investment value exceeding R15 billion.

Appreciation

I would like to extend my sincere gratitude to the SHRA Council, under the leadership of Ms Pulane Mogotsi-Thobejane, for their strategic guidance. Furthermore, I appreciate Minister Thembi Simelane for her unwavering support, and the Director-General and officials of the Department of Human Settlements for their constructive engagement throughout the year.

Finally, I wish to acknowledge the SHRA executive team and staff for their steadfast commitment, diligent work, and pursuit of excellence. Your efforts continue to facilitate access to dignity, stability, and opportunity for many South Africans.

Conclusion

The year 2024/25 has not only concluded a strategic cycle, but also laid the groundwork for the forthcoming era of social housing in South Africa. Moving forward, agility, collaboration, and purpose will be essential. I have unwavering confidence in the SHRA's capability to deliver and lead the way towards creating a more equitable, integrated, and sustainable urban future.



Mr. Lebowa Letsoalo

Acting Chief Executive Officer
Social Housing Regulatory Authority

Date: 29 August 2025

Statement of Responsibility and Confirmation of Accuracy

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by RAIN Chartered Accountants.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act (Act No. 1 of 1999) (PFMA) as amended.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control and has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors were engaged to express an independent opinion on the annual financial statements. The annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2025.

Yours faithfully



Ms. Pulane Mogotsi-Thobejane
Chairperson of Council

Date: 29 August 2025



Mr. Lebowa Letsoalo
Acting Chief Executive Officer

Date: 29 August 2025

Strategic Overview



MISSION

To create an integrated South Africa where citizens live a good quality life in well-located, affordable, and quality rental homes.



VISION

To ensure there is quality housing for lower- to middle-income households in integrated settlements by investing in, enabling, regulating, and transforming the affordable social housing rental market.



VALUES

Service/Stewardship

We know that exceptional service is important, and we intend to go the extra mile to ensure that we meet the needs of our beneficiaries.

Zealousness

We approach every day with a positive attitude, a willingness to grow, a thirst for learning and challenging ourselves.

Connectedness/ Interconnectedness

We recognise that everything we do comes about because of team effort, and that by cooperation with one another we achieve results collectively, which enhances our efficiency and effectiveness.

Accountability

We understand that we serve the best interests of the citizens of our country and, as such, we are serious about being held responsible and accountable for our words, actions, and results.

Our employees are holistic human beings

Our employees are the heartbeat of our organisation. Each one of them matters, they are valued, their opinion matters and their contributions are worthy.

Legislative and other Mandates

CONSTITUTIONAL MANDATE

At the apex of the legislative mandate informing the work of the SHRA is the Constitution of the Republic of South Africa (Act No. 108 of 1996), as the supreme law of the Republic of South Africa. Along with the Bill of Rights, the Constitution forms the legal foundation of a democratic South Africa, sets out the rights and duties of its citizens and defines the structure of the government.

The right to housing is enshrined in section 26 of the Constitution, which states that:

- a) Everyone has a right to have access to adequate housing.
- b) The State must take reasonable legislative and other measures within its available resources to achieve the progressive realisation of this right.
- c) No one may be evicted from their home or have their home demolished without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.

HOUSING ACT (ACT NO. 107 OF 1997)

The Act provides for the facilitation of a sustainable housing development process. For this purpose, it lays down general principles applicable to housing development in all spheres of government, to give effect to the constitutional obligation. It provides for:

- I. The national government, acting through the Minister, must after consultation with every Member of the Executive Committee (MEC), national organisations, and representing municipalities, establish and facilitate a sustainable national housing development process.
- II. Every provincial government through its MEC, must after consultation with the provincial organisations representing municipalities, do everything in its power to promote and facilitate the provision of adequate housing in its province within the framework of the national housing policy.
- III. Every municipality must, as part of the municipality's process of integrated development planning, take all reasonable steps within a framework of national and provincial housing legislation and policy to ensure that the inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis.

In terms of Section 3(4)(h) of the Housing Act (1997), the Minister may establish and finance national institutions for the purposes of housing development and supervise the execution of their mandate.

PREVENTION OF ILLEGAL EVICTION AND UNLAWFUL OCCUPATION OF LAND ACT (ACT NO. 19 OF 1998 AS AMENDED)

The Act is aimed at providing protection to people against illegal eviction and addressing unlawful occupation of land. The act seeks to strike a balance between the rights of property owners and the rights of occupiers or tenants, especially those who may be vulnerable or economically disadvantaged.

RENTAL HOUSING ACT (ACT NO. 50 OF 1999 AS AMENDED)

The Act repealed the Rent Control Act of 1976 and sets out the government's role concerning rental housing properties. It establishes procedures to encourage the availability of rental housing and to ensure a well-functioning rental housing market. Moreover, it fosters harmonious relationships between tenants and landlords by outlining overall lease conditions and principles for appeals and conflict resolution between tenants and landlords. Additionally, the Act creates provisions for the establishment of Rental Housing Tribunals and clearly outlines the responsibilities, authority, and functions of these Tribunals and requires all local municipalities to have rental housing information offices.

SOCIAL HOUSING ACT (ACT NO. 16 OF 2008)

The Social Housing Regulatory Authority (SHRA) was established by the National Department of Human Settlements (NDoHS) as prescribed by the Social Housing Act (Act No. 16 of 2008). The SHRA is classified as a national public entity in terms of Schedule 3A of the Public Finance Management Act (Act No. 1 of 1999 as amended). The SHRA's mandate is to invest in, as well as capacitate and regulate the social housing sector.

The purpose of the Act is to:

- I. Establish and promote a sustainable social housing environment.
- II. Define the functions of national, provincial, and local governments in respect of social housing.

III. Provide for the establishment of the SHRA to regulate all Social Housing Institutions (SHI) obtaining or having obtained public funds.

IV. Allow for the undertaking of approved projects by SHIs and other delivery agents with the benefit of public money.

V. Provide for statutory recognition to SHIs.

In terms of the Act, the role of the SHRA is to:

- Accredite institutions meeting accreditation criteria as SHIs and maintain a register of SHIs. In addition, conduct compliance monitoring through regular inspections and enforce compliance where necessary.
- Provide financial assistance to SHIs through grants to enable them to develop institutional capacity, gain accreditation as SHIs, and submit viable project applications.
- Approve, administer, and disburse institutional investment grants and capital grants and obtain ap-

plications for such grants through engagement with provincial governments and municipalities.

- Promote the development and awareness of social housing and promote an enabling environment for the growth and development of the Social Housing Sector.
- Make rules and regulations in respect of the accreditation of SHIs and the disbursement of government funds to them.
- Support provincial governments with the approval of project applications by SHIs and assist, where requested, in the process of the designation of restructuring zones.
- Intervene if it is satisfied on reasonable grounds that there has been maladministration by an SHI.

Whilst the Social Housing Act (SHA) provides the legal framework for the establishment and mandate of the SHRA, various other legislation regulates how the SHRA should give effect to its mandate, notably these are:

Table 1: Legislative and policy mandates

| Legislation | Relevance |
|---|---|
| Public Finance Management Act (Act No. 1 of 1999) as amended | <ul style="list-style-type: none"> • Provides the basis for the management of public funds by public entities listed in terms of the PFMA. • The SHRA is listed as a Schedule 3A National Public Entity and is obligated to adhere to the requirements and principles of the Act which is critical as it embodies the legislative reporting requirements and governs our operations. |
| Preferential Procurement Policy Framework Act (Act No. 5 of 2000) as amended | <ul style="list-style-type: none"> • Ensure that government's preferential procurement procedures are aligned with the aims of the Broad-Based Black Economic Empowerment Act, 2003 and the associated Codes of Good Practice. • Provides the mechanism for ensuring that procurements set aside benefit vulnerable/designated groups, including women, youth, and persons with disabilities. |
| Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003) as amended | <ul style="list-style-type: none"> • Establishes a legislative framework for the promotion of Black economic empowerment. It empowers the Minister to issue Codes of Good Practice, publish transformation charters, and establish the Black Economic Empowerment Advisory Council. |
| Intergovernmental Relations Framework Act (Act No. 13 of 2005) as amended | <ul style="list-style-type: none"> • Provides for a framework for the national government, provincial governments, and local governments to promote and facilitate intergovernmental relations as a means for the three spheres of government to work together in the delivery of services. |
| Co-operatives Act (Act No. 14 of 2005) as amended | <ul style="list-style-type: none"> • Provides for the formation and registration of co-operatives, the establishment of a Co-operatives Advisory Board, and the winding up of co-operatives. The Co-operatives Amendment Act (Act No. 6 of 2013) came into effect in 2019 and provides for the establishment, functions, and powers of the Co-operatives Development Agency. |
| Spatial Planning and Land Use Management Act (SPLUMA) (Act No. 16 of 2013) | <ul style="list-style-type: none"> • Aligns spatial planning with the Constitution, and specifically introduces the principles of spatial justice, spatial efficiency, and sustainability to guide all decision-making. Established semi-independent Tribunals to adjudicate on planning decisions and cascading spatial development frameworks. |
| Municipal Systems Act (Act No. 2 of 2000) | <ul style="list-style-type: none"> • Provides for the core principles, mechanisms and processes that are necessary to govern at the local government sphere and enables municipalities to move progressively towards the social and economic upliftment of communities with reference to rental housing. |

| Legislation | Relevance |
|---|---|
| Consumer Protection Act (Act No. 68 of 2008) | <ul style="list-style-type: none"> Aims to protect the rights and interests of consumers in various transactions including residential leasing. |
| Property Practitioners Regulatory Act (Act No. 22 of 2019) | <ul style="list-style-type: none"> Regulates property practitioners and the continuation of the Estate Agency Affairs Board as the Property Practitioners Regulatory Authority. |
| Appropriation Act (as amended) | <ul style="list-style-type: none"> Appropriates money from the National Revenue Fund annually to fund Social Housing and sets out the conditions for the spending of funds. |
| Policy | Intention |
| Housing White Paper (1994) | <ul style="list-style-type: none"> Establishes a sustainable housing process which will eventually enable all South African citizens to access secure housing within a safe and healthy environment and viable communities, in secure tenure. |
| Breaking New Ground (BNG) (2004) | <ul style="list-style-type: none"> Enhances social mobility and promotes a non-racial, integrated society through delivery of housing products, particularly through an SH institutional mechanism that would hold and effectively manage housing as a public asset over a period. This housing would be medium-density units rented to occupants. BNG saw a shift from stabilising the housing environment to enabling sustainable human settlements. |
| Social Housing Policy (2005) | <ul style="list-style-type: none"> Provides access to affordable, quality rental housing located within designated urban restructuring zones, managed by accredited social housing institutions (SHIs), the costs of which are predominantly subsidised by the government. |
| Housing Code (2009) | <ul style="list-style-type: none"> Sets the underlying policy principles, guidelines, and norms and standards which apply to the Government's various housing assistance programmes introduced in 1994 and since updated. |
| National Development Plan (NDP) (2013) | <ul style="list-style-type: none"> Identifies how rental housing can contribute towards economic development, employment creation, urban integration, and revitalising lower-end property markets. |
| Integrated Urban Development Framework (IUDF) (2016) | <ul style="list-style-type: none"> Ensures spatial integration, improves access to services, and promotes social and economic inclusion. |

National Development Plan (NDP) 2030

Adopted by Cabinet in 2012, the NDP is the visionary blueprint of government with business and society as collaborative partners, seeking to eliminate poverty and sharply reduce inequality and unemployment by 2030. All of government is challenged to ensure their medium and short-term planning, monitoring and evaluation efforts are aligned to the NDP.

The SHRA's contribution to the NDP is through Outcome 8 – Transforming Human Settlements and the National Space Economy. The key alignment considerations of Outcome 8 are as follows:

- 1) Respond systematically to entrenched spatial patterns across all geographic scales that exacerbate social inequality and economic inefficiency.
- 2) In addressing these patterns, we must take account of the unique needs and potentials of different rural and urban areas in the context of emerging development corridors in the southern African sub-region.
- 3) The State will review its housing policies to better realise constitutional housing rights, ensure that the delivery of housing is to be used to restructure

towns and cities, and strengthen the livelihood prospects of households.

- 4) Active citizenship in the field of spatial development will be supported and incentivised through a range of interventions, including properly funded, citizen-led neighbourhood vision and planning processes and the introduction of social compacts from neighbourhood to city level.
- 5) A set of normative principles will guide planning in South Africa to create spaces that are liveable, equitable, sustainable, resilient, and efficient, and support economic opportunities and social cohesion.
- 6) South Africa will develop a national spatial framework and resolve the current deficiencies with the local system of integrated development planning and progressively develop the governance and administrative capability to undertake planning at all scales.

Medium-Term Strategic Framework (MTSF)

The MTSF covers a period of five years and is aligned with the government's broader long-term development vision, as articulated in documents such as the National Development Plan (NDP). It sets out the government's priorities and strategies across various sectors and government departments to address key challenges and achieve specific developmental outcomes.

The seven priorities set out in the MTSF 2019-24 are:

- **Priority 1:** Building a capable, ethical, and developmental state.
- **Priority 2:** Economic transformation and job creation.
- **Priority 3:** Education, skills, and health.
- **Priority 4:** Consolidating the social wage through reliable and quality basic services.
- **Priority 5:** Spatial integration, human settlements, and local government.
- **Priority 6:** Social cohesion and safe communities.
- **Priority 7:** A better Africa and world.

The SHRA takes its guidance from the National Department of Human Settlements in terms of its contribution to MTSF Priority 5: Spatial Integration, Human Settlements and Local Government.



Organisational Structure

In the 2024/25 financial year, the SHRA maintained its legislatively mandated structure of four core programmes: Administration, Sector Development and Transformation (SD&T), Compliance, Accreditation and Regulation (CAR), and Project Development and Funding (PD&F).

The HR Unit continued to play a strategic role in supporting the organisation's performance and alignment with its strategic goals. A key focus was on reviewing the organisational structure through an Organisational Design (OD) exercise to assess its fit-for-purpose considering changing operational frameworks. However, due to financial constraints, the implementation of the proposed structure was deferred, with a revised review planned for the next financial year.

To support the transition and drive internal efficiency, the SHRA launched a two-year Change Management Project led by Africa International Advisors (AIA). The project aims to support employees and management in managing change, enhancing organisational culture, and driving performance improvements.

HR priorities included recruitment for critical vacancies, implementation of a succession plan, policy reviews, staff wellness support through ICAS, and final preparations for the rollout of an automated performance management system in the next financial year. The internship programme continued to provide work experience opportunities, with 14 interns appointed and several absorbed into permanent roles.

Challenges during the year included constrained operational budgets, which limited recruitment and prevented cost-of-living salary adjustments. The SHRA instead implemented a once-off award in line with Treasury guidelines. Despite these challenges, the organisation prioritised the optimal use of internal resources to strengthen key functions while maintaining focus on core service delivery.

The figure below reflects the SHRA's organisational structure.

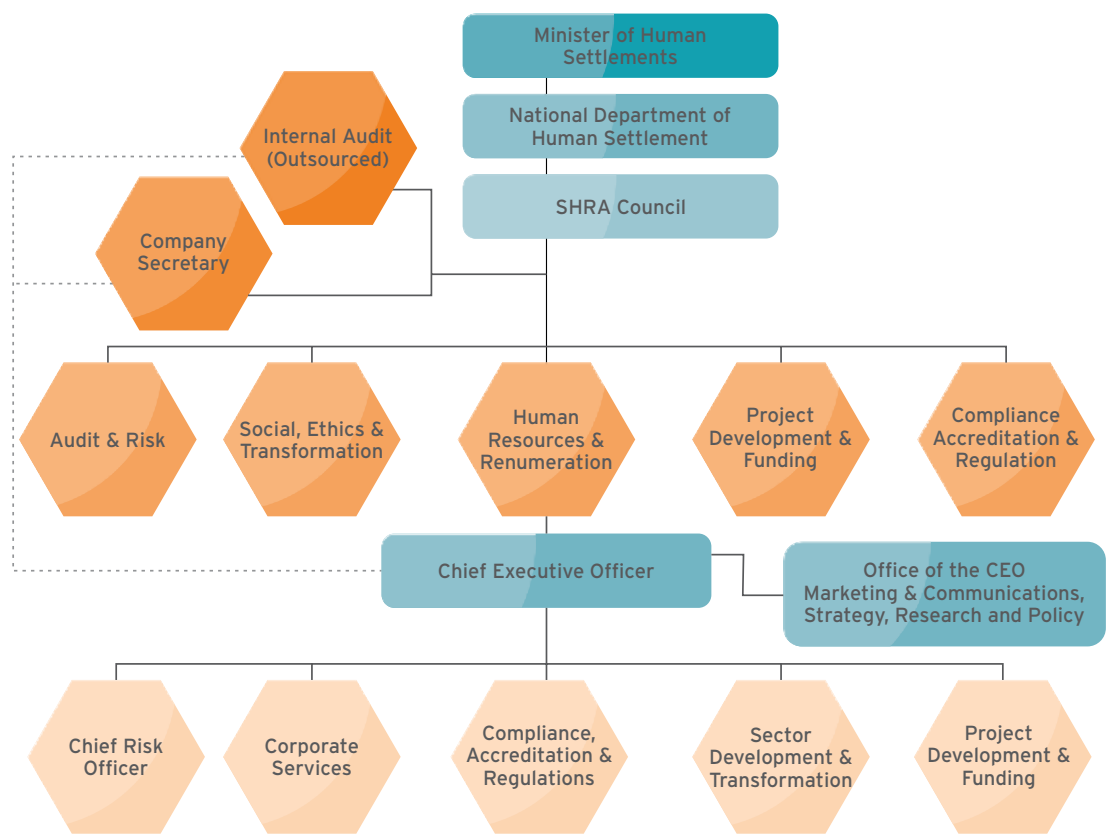


Figure 1: SHRA structure

PART B



PERFORMANCE INFORMATION

Performance Highlights

1 364

Units completed



2 661

Units Tenanted



8 341

Jobs created



100%

CCG expenditure



83%

Overall organisational performance



84%

Expenditure on IIG



56%

Spend on Women



21 Youth graduates placed in the sector



Overview of Performance

Service Delivery Environment

The provision of social housing remains a pivotal government initiative in South Africa, aimed at achieving targeted urban densities, spatial transformation, economic integration, social development, urban efficiency, inclusivity, and effective urban management. This programme supports the national imperative of restructuring South African society towards an economically empowered, non-racial, and spatially integrated community.

Social housing plays a critical role in addressing persistent spatial inequalities by targeting low-to-middle income households in need of affordable rental accommodation, an underdeveloped tenure option within both government subsidy frameworks and the formal private rental market. The demand for affordable rental housing continues to rise, driven by ongoing urbanisation and population growth. According to Statistics South Africa, as of mid-2024, approximately 69.5% of the population resides in urban areas, up from 67.8% in 2021 and 62.7% in 2011. Urbanisation, coupled with rural depopulation, remains a key demographic trend shaping settlement patterns over the next three decades.

South Africa is now more urbanised than the global average (which stands at 57%), intensifying pressure on metropolitan municipalities to provide inclusive, well-located housing solutions. Sector sustainability faces threats from challenges such as rental boycotts, which continue to strain the financial viability of social housing institutions and assets. Furthermore, the rising threat of 'construction mafias' (organised criminal groups that disrupt development by extorting contractors and hijacking construction sites) poses significant risks to project delivery, stakeholder safety, and community relations.

To accelerate delivery and enhance sector resilience, government is strengthening partnerships with provincial and local authorities, national departments, financiers such as the Infrastructure Fund, and private sector developers. These collaborations are essential to mobilising blended finance, unlocking land for development, and responding holistically to systemic challenges. Strategic, coordinated interventions are necessary to safeguard long-term sustainability, improve governance and management of social housing institutions, and ensure that the programme continues to deliver on its transformative mandate.

Portfolio Under Regulation

Social Housing Units currently under management by various delivery agents (SHI, MOE, or ODA). The total number of units significantly increased from 47 932 in September 2024 to 50 178 in March 2025, reflecting overall growth in social housing units. The RCG/CCG-funded units increased steadily to 31 410, indicating significant growth in subsidised units following the tenanting of Townlands, Goodwood Station, and Greenfields Estate.

The Institutional Subsidy slightly decreased, ending at 9 963 in December 2024 after the transfer of instalment sale units previously held by CTCHC. The CRU units remained constant at 365 from March 2022 onwards. The number of unsubsidised units showed a slight decrease from 8 441 in September 2024 to 8 440 in December 2024 due to a municipal unit under CCH.

SHI entities manage the highest number of social housing units at 27 790, with 17 235 units funded with RCG/CCG, 7 352 units having received Institutional Subsidy, 176 units receiving CRU, and 3 027 units being unsubsidised. MOE entities have 13 536 units, with 5 323 units funded RCG/CCG, 2 611 units receiving Institutional Subsidy, 189 units receiving CRU, and 5 413 units being unsubsidised. ODA entities have 8 852 units, all of which receive RCG/CCG.

Table below summarises the number of social housing projects, total units, and their respective percentages across various provinces and municipalities in South Africa. Gauteng (GP) has the highest number of projects at 129, accounting for 63% of the total projects and 56.1% of the total units (28 159 units).

The City of Johannesburg within Gauteng has the highest concentration of units at 17 807, representing 35.5% of the total units followed by KwaZulu-Natal (KZN) with 20 projects and 5 510 units (11% of total units), and the Western Cape (WC) with 17 projects and 6 097 units (12.2% of total units). Provinces like the Eastern Cape (EC), Free State (FS), Limpopo (LP), Mpumalanga (MPU), Northern Cape (NC), and North West (NW), each contributing varying percentages to the total number of projects and units.

Table 2: Units under regulation reported as at year end (2019 - 2025)

| Funding Type | Mar 2019 | Mar 2020 | Mar 2021 | Mar 2022 | Mar 2023 | Mar 2024 | Mar 2025 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| RCG/CCG | 16 830 | 18 954 | 21 209 | 23 401 | 25 217 | 27 782 | 31 410 |
| Institutional Subsidy | 9 930 | 10 750 | 10 246 | 10 182 | 10 096 | 10 151 | 9 963 |
| CRU | 522 | 522 | 522 | 365 | 365 | 365 | 365 |
| Unsubsidised Units | 9 023 | 9 181 | 8 651 | 8 585 | 8 436 | 8 511 | 8 440 |
| Total Number of Units | 36 305 | 39 407 | 40 628 | 42 533 | 44 114 | 46 809 | 50 178 |
| Number of Institutions | 28 | 29 | 33 | 36 | 39 | 42 | 42 |

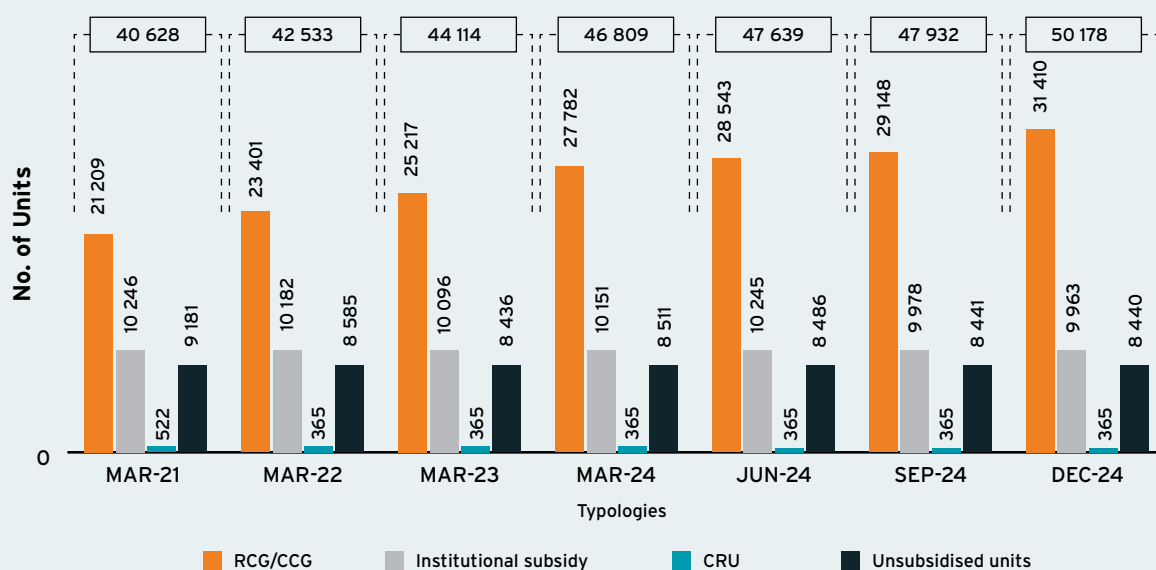


Figure 2: Portfolio of regulated institutions

The table below provides further breakdown of the regulated social housing portfolio adopting an area-based approach:

Table 3: Units under regulation by province/municipality 2024/25

| Province / Municipality | No. of Projects | % of Projects | Total Number of Units | % of Total |
|------------------------------|-----------------|---------------|-----------------------|--------------|
| Gauteng | 80 | 39% | 17 807 | 35.5% |
| City of Johannesburg | 80 | 39% | 17 807 | 35.5% |
| City of Tshwane | 34 | 17% | 4 431 | 8.8% |
| Merafong City | 1 | 0% | 258 | 0.5% |
| Mogale City | 2 | 1% | 1 676 | 3.3% |
| Rand West Local Municipality | | | 976 | |
| KwaZulu-Natal | 20 | 10% | 5 510 | 11.0% |
| eThekweni | 16 | 8% | 3 844 | 7.7% |
| Msunduzi | 4 | 2% | 1 666 | 3.3% |
| Limpopo | 2 | 1% | 697 | 1.4% |
| Polokwane | 2 | 1% | 697 | 1.4% |
| Mpumalanga | 14 | 7% | 2 335 | 4.7% |
| Emalahleni | 4 | 2% | 1 350 | 2.7% |
| Govan Mbeki | 3 | 1% | 236 | 0.5% |

| Province / Municipality | No. of Projects | % of Projects | Total Number of Units | % of Total |
|-------------------------|-----------------|---------------|-----------------------|--------------|
| Mbombela | 1 | 0% | 26 | 0.1% |
| Steve Tshwete | 6 | 3% | 723 | 1.4% |
| Northern Cape | 2 | 1% | 88 | 0.2% |
| Sol Plaatje | 2 | 1% | 88 | 0.2% |
| North West | 1 | 0% | 1 168 | 2.3% |
| City of Matlosana | 1 | 0% | 1 168 | 2.3% |
| Western Cape | 17 | 8% | 6 097 | 12.2% |
| City of Cape Town | 17 | 8% | 6 097 | 12.2% |
| Total | 208 | 100% | 50 178 | 100% |

Social Housing Pipeline

The project pipeline is regularly updated to ensure that viable projects progress towards approval while those that fail to meet the Minimum Investment Criteria (MIC) are either supported through technical assistance or removed. Currently, eight projects (13%) are receiving project support. The accreditation team continues to engage delivery agents through national roadshows to address technical challenges and improve project readiness.

Regarding ODA project accreditation, six projects have been accredited in the 2024/25 financial year, with a combined potential yield of 3 311 social housing units. Two projects were accredited in Q1 and Q2, another two in Q3, and two more have been recommended for approval in Q4, pending the SHRA Council endorsement. Notably, 95% of pipeline projects are majority Black-owned or controlled, with only one municipal-owned entity submission.

These efforts align with the SHRA's commitment to expanding social housing opportunities, improving sector participation, and ensuring the delivery of affordable and sustainable housing solutions.

Table 4: Project pipeline by province

| Province | No. of Projects | No. of Units |
|----------------------|-----------------|---------------|
| Eastern Cape | 1 | 525 |
| Gauteng | 35 | 14 833 |
| KwaZulu-Natal | 9 | 4 791 |
| Limpopo | 2 | 2 222 |
| Mpumalanga | 3 | 1 113 |
| Northern Cape | 2 | 923 |
| North West | 3 | 1 768 |
| Western Cape | 9 | 4 007 |
| Total | 64 | 30 182 |

Contract Management

The current projects total 51 and of these, 44 are managed by the PDF unit, while the remaining seven are being managed by either the Legal or the CAR unit. Of the 43 projects managed by PD&F, five are in the planning phase, 16 is under construction, and 14 are in the tenanting phase.

Furthermore, eight projects are currently on hold due to viability concerns and the withdrawal of debt funders from the funding agreements. In response to this, PDF has initiated a remedial action plan to address the various issues. The projects currently under implementation are expected to contribute significantly to the SHRA's 2025/2026 financial year unit completion targets.

Table 5: Active CCG contracts by project status 2024/25

| Project | Number of Projects |
|-------------------------------------|--------------------|
| Projects in planning | 5 |
| Projects under implementation | 16 |
| Projects under Tenanting | 15 |
| Projects on Hold | 8 |
| Projects with legal and regulations | 7 |
| Grand Total | 51 |

Organisational Performance

The figure below illustrates the achievement of performance objectives over the five-year period of 2019/20 to 2024/25. During the period under review, the SHRA has managed to achieve 83% as compared to 2023/24 financial year, where achievement was at 64%.

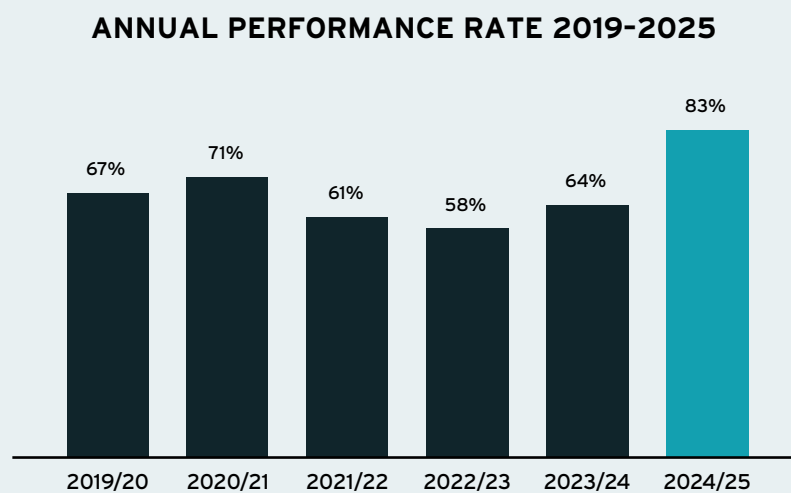


Figure 3: Institutional Performance 2019/20-2024/25

Key Policy Developments and Legislative Changes.

The following are key policy developments and legislative changes:

White Paper for Human Settlements

The White Paper for Human Settlements was gazetted in Government Gazette No. 52013 (Notice No. 5801) on 31 January 2025. It provides an overarching policy framework to guide legislation and programmes in the human settlements sector. The White Paper emphasises sustainable and integrated human settlements and strengthens the role of entities such as the SHRA in delivering affordable rental housing, supporting sector transformation, and aligning social housing delivery with national human settlements priorities. This directly reinforces SHRA's MTDP 2024-2029 targets, including the delivery of 13 000 social housing units, sector regulation, and institutional support.

Progress Towards Achievement of Institutional Impacts and Outcomes

The Social Housing Regulatory Authority is mandated to create and facilitate an enabling environment for the development of social housing as an integral component of urban development. In doing so, the SHRA meaningfully contributes to the creation of liveable and well-functioning neighbourhoods. The SHRA plays a pivotal role in restructuring the spatial economy by advancing spatial justice and improving household access to economic opportunities, social amenities, and infrastructure.

Furthermore, the SHRA promotes access to a diverse range of tenure and housing options in alignment with the objectives of social housing. These objectives include spatial restructuring, enhancing access for low- to medium-income households to employment and services, enabling tenure security, supporting job creation, and promoting social and economic integration across race and class.

In alignment with Outcome 2 of the SHRA's Strategic Plan 2020-2025, the SHRA was mandated to deliver 18 000 social housing units during the 2019-2024 Medium-Term Strategic Framework (MTSF) period. By the end of the MTSF on 31 March 2024, a total of 13 885 units had been delivered, reflecting a shortfall of 4 115 units against the planned target.

Performance for the 2024/25 Financial Year

During the 2024/25 financial year (post-MTSF), the SHRA facilitated the completion of 1 364 social housing units, achieving 51% of the annual target of 2 699 units. On the occupancy side, 2 661 units were tenanted, exceeding the annual target of 2 257 and reflecting a positive uptake of available stock.

Table 6 below provides a breakdown of unit delivery by province and project for the 2024/25 financial year.

Table 6: Unit delivery by province 2024/25

| Project | Grant Recipient | Province | Q1 | Q2 | Q3 | Q4 | TOTAL |
|-----------------------|-----------------------|----------|------------|------------|------------|------------|--------------|
| Goodwood | DCI Community Housing | WC | 538 | | | | 538 |
| Devland Gardens | Instratin | GP | 45 | | | | 45 |
| Riverside View | JOSHCO | GP | | 184 | | | 184 |
| Steve Biko | Qhama | EC | | 24 | | | 24 |
| Hospital Street | Buhlebezwe | KZN | | 185 | 33 | 23 | 241 |
| Benoni Heights | GNI | GP | | | 210 | | 210 |
| Conradie Park Phase 2 | OHHA | WC | | | | 122 | 122 |
| TOTAL | | | 583 | 393 | 243 | 145 | 1 364 |

Table 7: Units tenanted by province 2024/25

| Project | Grant Recipient | Province | Q1 | Q2 | Q3 | Q4 | TOTAL |
|----------------------|-----------------|----------|------------|------------|------------|------------|--------------|
| Goodwood Station | DCI Holdings | WC | 64 | 223 | 146 | 61 | 494 |
| Hillside View | Kenso | FS | 8 | | | 20 | 28 |
| Grand Central Towers | Bridgeport | GP | 306 | 68 | 3 | | 377 |
| Fochville Ext 8 | Jidmac | | 24 | 32 | 35 | 11 | 102 |
| Fochville Ext 11 | Jidmac | | 7 | | | | 7 |
| Mohlakeng | The Housing Hub | | 16 | 130 | 100 | 37 | 283 |
| Princess Plots | JOSHCO | | 164 | 108 | 62 | -1 | 333 |
| Mogale Junction | Arrow Creek | | | 336 | | | 336 |
| Townlands Ph 2 | HCT | | 221 | 67 | 39 | 5 | 332 |
| Townlands Ph 1 | HCT | | | | | 19 | 19 |
| Benoni Heights | GNI | | | | | 150 | 150 |
| Riverside View | JOSHCO | | | | | 177 | 177 |
| Maitland Mews | Madulammoho | WC | | | | 1 | 1 |
| GaRena | PHA | LP | | | | 22 | 22 |
| TOTAL | | | 810 | 964 | 385 | 502 | 2 661 |

The table below outlines the number of job opportunities and projects implemented across various provinces during the 2024/25 fiscal year. In the first quarter (Q1), the Western Cape (WC) led with 809 jobs across three projects, followed by Gauteng (GP) with 454 jobs and six projects, and KwaZulu–Natal (KZN) with 415 jobs and one project. Mpumalanga (MPU) contributed 117 jobs through one project, while Limpopo (LP) had no recorded jobs or projects in Q1. Job and project activity increased notably in Q2 and Q3, with GP consistently leading in both metrics, peaking at 1 127 jobs and 10 projects in Q2.

By the end of the fiscal year, the total number of jobs created was 8 341 across 53 projects. GP remained the primary contributor, accounting for 3 956 jobs and 31 projects annually. WC followed with 2 604 jobs and 13 projects, while KZN and MPU recorded 1 252 and 521 jobs, respectively, each implementing four projects. LP contributed minimally with eight jobs from a single project. These figures highlight the geographic distribution and temporal shifts in job creation and project implementation, with a concentration of activity in GP and WC throughout the year.

Table 8: Number of job opportunities from projects implemented in 2024/25.

| Province | 2024/25 | | | | | | | | | |
|---------------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|----------------|-----------|
| | Q1 | | Q2 | | Q3 | | Q4 | | Annual 2024/25 | |
| | Jobs | Projects | Jobs | Projects | Jobs | Projects | Jobs | Projects | Jobs | Projects |
| Gauteng | 454 | 6 | 1 127 | 10 | 952 | 7 | 1 423 | 8 | 3 956 | 31 |
| KwaZulu–Natal | 415 | 1 | 379 | 1 | 416 | 1 | 42 | 1 | 1 252 | 4 |
| Mpumalanga | 117 | 1 | 148 | 1 | 196 | 1 | 60 | 1 | 521 | 4 |
| Limpopo | | | 8 | 1 | | | | | 8 | 1 |
| Western Cape | 809 | 3 | 497 | 3 | 690 | 4 | 608 | 3 | 2 604 | 13 |
| Total | 1 795 | 11 | 2 159 | 16 | 2 254 | 13 | 2 133 | 13 | 8 341 | 53 |

Effectively utilising the allocated budget is key to the programme's success, especially in the completion of housing units. Significant efforts were made to comply with the approved annual Cash Flow Projection (CCG) submitted to the National Department of Human Settlements (NDoHS). The expenditure at the end of the 2024/25 financial year amounted to R 803 211 579, which represents 100 percent of the revised cash flow projections.

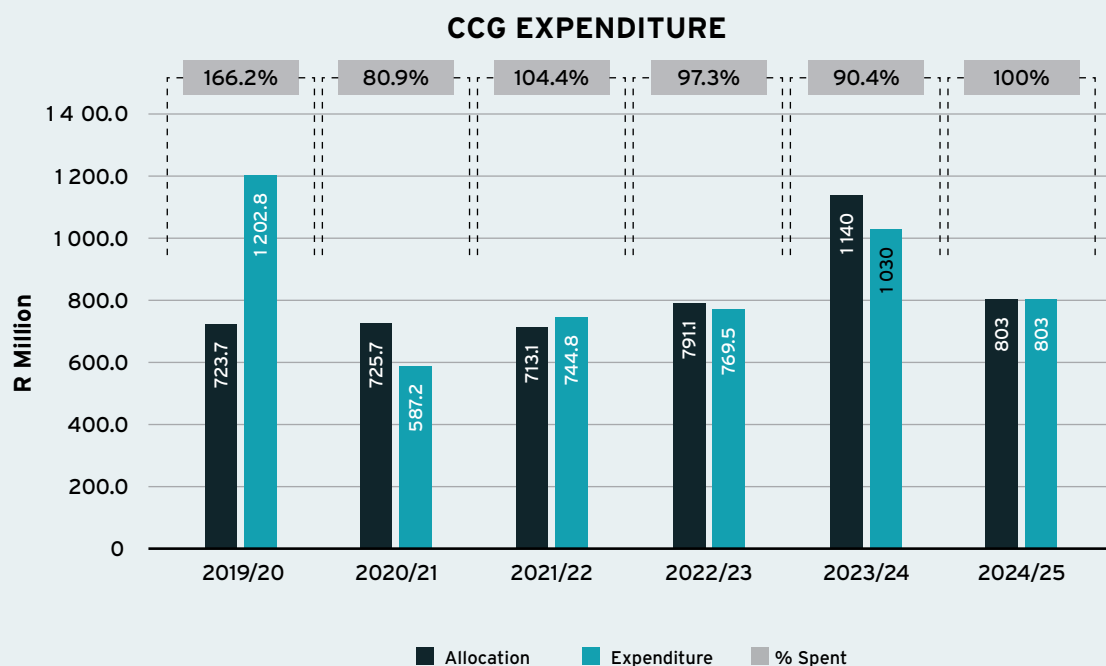


Figure 4: Capital allocation received and expenditure between 2019/20 – 2024/25

A key lead indicator is the number of projects and associated units approved by the SHRA annually. This requires active management of the SHRA pipeline to ensure service delivery targets are met. These projects will result in units completed in future financial years.

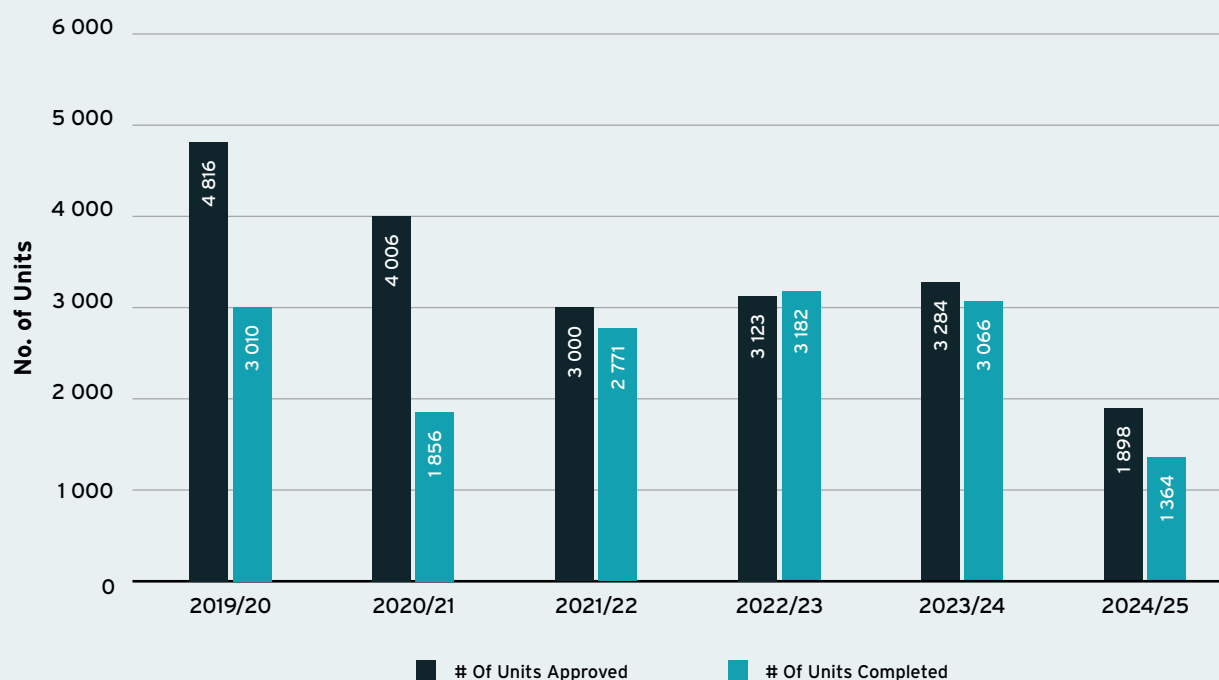


Figure 5: Unit approvals and completion between 2019/20-2024/25

The Social Housing Regulatory Authority (SHRA) continues to fulfil its legislative mandate by accrediting Social Housing Institutions (SHIs) in line with Section 11(3)(b) of the Social Housing Act. As part of its proactive strategy, SHRA launched targeted roadshows to raise awareness, increase stakeholder participation, and guide institutions through the accreditation process.

This initiative fosters transparent engagement with sector players and improves the quality of applications submitted by both current and potential delivery agents. To date, 72 SHIs have been accredited, 62 conditionally accredited, indicating a critical need to improve the number of fully accredited institutions which is 10. Gauteng and KwaZulu-Natal lead in the number of accredited SHIs, yet the nationwide goal of full accreditation remains a challenge.

In the 2024/25 financial year, SHRA approved eight new SHI accreditations, supported by the Sector Development and Transformation (SD&T) unit through pre-accreditation grants. These grants helped institutions with policy development and compliance. In addition, SHRA manages a dynamic project pipeline comprising 64 registered projects with a total yield of 30 182 units, with Gauteng representing over half of this pipeline. SHRA's accreditation team actively supports project readiness and provides technical assistance to those that fall short of the Minimum Investment Criteria. Six ODA-led projects were accredited during the same period, contributing 3 311 units, with 95% of pipeline projects being majority Black-owned or controlled, reflecting the SHRA's commitment to transformation and sector inclusion.

Despite these achievements, the SHRA faces substantial regulatory challenges under Section 12 of the Act, particularly around administration orders. Many SHIs struggle financially due to rental boycotts, mismanagement, and project hijackings, often requiring SHRA to intervene. However, the legal processes are slow and costly, placing strain on SHRA's limited enforcement resources. The SHRA has proposed a dedicated "distressed" budget to support interventions and continues to build capacity through panels for administrators, interim directors, and security providers. Municipal arrears also remain a concern, and SHRA is working with municipalities to implement tailored solutions such as individual metering and social housing-friendly tariffs to ensure service sustainability.

Several projects are currently under administration, including entities like Toproot, EHC, FRESHCO, and Let's Care South Africa NPC. These projects face issues such as unlawful occupation, poor financial controls, and pending evictions. The SHRA continues to engage with legal experts, municipalities, and potential replacement SHIs to stabilise and transfer these projects.

Affected projects are being assessed for Expressions of Interest, and litigation is underway where necessary, particularly in cases like Sondela Village, where liquidation proceedings conflict with the SHRA's administrative

mandate. These complex cases underscore the importance of potential legislative amendments to solidify the SHRA's authority in the face of competing legal actions.

On the compliance front, the SHRA conducted seven inspections aligned with its Annual Performance Plan, revealing key concerns such as late submission of financials, inadequate tenant engagement, and unnotified rental increases.

Encouragingly, rental collection remains high in most projects. Tenancy audits exceeded targets, with 4 064 units audited across multiple provinces. These audits verified tenancy eligibility and identified operational gaps.

Meanwhile, 13 Building Condition Audits were completed, highlighting urgent maintenance issues in some projects. 21 Compliance inspections were conducted during the reporting period. Overall, SHRA recorded an increase in managed social housing units, growing from 47 932 in September 2024 to 50 178 by December, supported by the successful tenanting of major projects like Townlands and Goodwood Station.

IIG Expenditure

The IIG Expenditure chart shows annual allocations and actual expenditure from 2018/19 to 2024/25. While allocations steadily increased from R20.1 million in 2018/19 to R25 million in 2024/25, expenditure performance varied significantly. Strong spending occurred in 2018/19 (71%) and 2019/20 (75%) but dropped sharply in 2020/21 (47%) and 2021/22 (40%). Performance improved slightly in 2022/23 (50%) and notably recovered in 2023/24 (72%), reaching its highest rate in 2024/25 at 84%. This suggests recent improvements in fund utilisation following earlier years of underperformance.

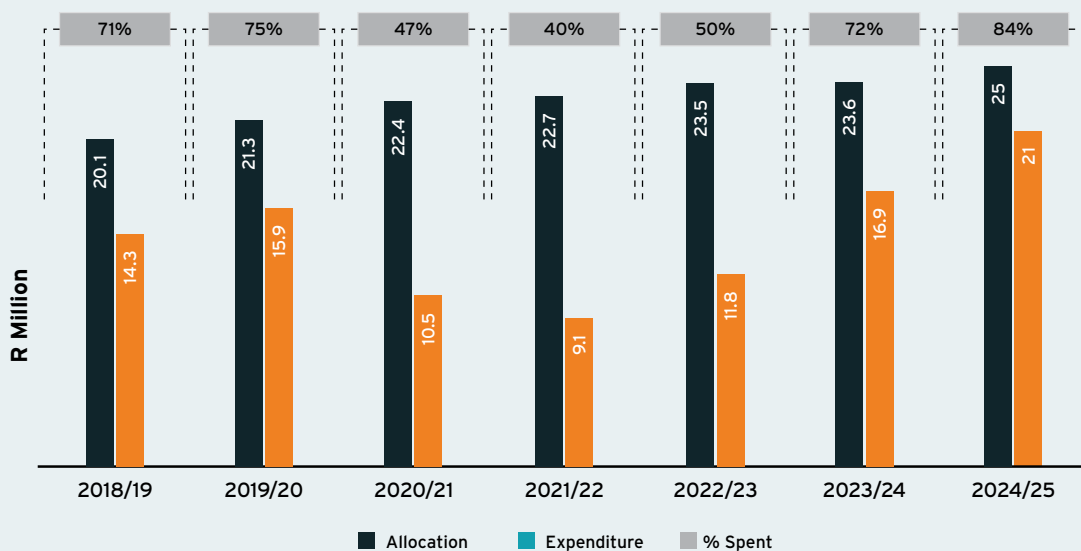


Figure 6: Institutional Investment Grant (IIG) Expenditure Trends.

Auditor's Report: Predetermined Objectives

RAiN Chartered Accountants have been appointed as external auditors and have performed the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 82 to 87 of the Auditor's Report, published as Part F: Financial Information.



Institutional Programme Performance Information

Alignment to the MTSF Priority 5: Spatial Integration is provided through six specific outcomes over its 2020-2025 strategic plan. The table below outlines the link and number of indicators.

Table 9: SHRA Strategic Outcomes (2020-2025) and APP 2024/25 indicators.

| SHRA STRATEGIC OUTCOMES | NO. OF APP INDICATORS 2024/25 | Targets Achieved | Targets Not Achieved | % |
|--|-------------------------------|------------------|----------------------|------------|
| 1. Functional, efficient, and integrated government | 5 | 5 | 0 | 100% |
| 2. Quality affordable social housing for rent delivered in strategically located areas | 3 | 2 | 1 | 67% |
| 3. Enhanced performance of delivery agents and projects | 2 | 1 | 1 | 50% |
| 4. Increased capacity of municipalities and provinces to deliver social housing | 1 | 0 | 1 | 0% |
| 5. An effectively regulated and sustainable Social Housing Sector | 5 | 5 | 0 | 100% |
| 6. A transformed Social Housing Sector value chain | 7 | 6 | 1 | 86% |
| TOTAL | 23 | 19 | 4 | 83% |

SHRA had 23 planned targets for the period under review, 19 were achieved and four were not achieved. Programme 1 (Admin) achieved six out of the seven planned annual targets (86%), Programme 2 (CAR) achieved six out of six planned annual targets (100%), and Programme 3 (SD&T) achieved two out of four planned annual targets (50%). Programme 4 (PD&F) achieved five out of six planned annual targets (83%). The overall performance therefore translates to 83% (19 out of 23) annual achievement (2023: 64%).

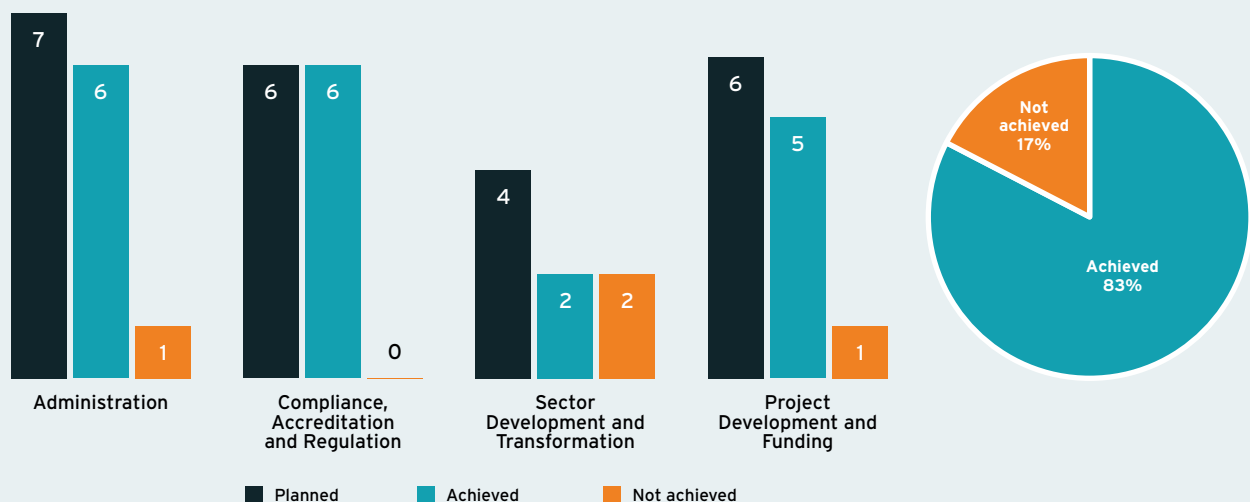


Figure 7: Institutional performance 2024/25 by programme.

Programme 1: Administration

The purpose of Programme 1: Administration is:

To provide enterprise-wide needed support services based on specialised knowledge, best practices, and technology to serve internal and external business interests.

The Programme comprises two sub-programmes.

- **Sub-programme 1A:** Corporate Services
- **Sub-programme 1B:** Office of the CEO

The Administration Programme delivers against the following Outcomes reflected in the 2020-2025 Strategic Plan:

- **Outcome 1:** Functional, efficient, and integrated government
- **Outcome 6:** A transformed Social Housing Sector value chain

The 2024/25 Output-Level Performance Plan for Programme 1 is reflected in the log frame tables below:



Programme: Administration

| Outcome | Output | Outcome Indicator | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24 | Planned Annual Target 2024/25 | **Actual Achievement 2024/25 | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviations |
|---|--------------------------------|---|---|---|--|--|---|------------------------|
| Outcome 1: Functional, efficient, and integrated government | 1.1. External audit outcome | 1.1.1. External audit outcome | Unqualified audit opinion with no material findings | Unqualified audit opinion with no material findings | Unqualified audit opinion with no material findings | Unqualified audit opinion with no material findings for 2023/24 FY | None | Not applicable |
| | 1.1. Internal audit services | 1.1.1.1. Percentage implementation of the Internal Audit Plan | 100% implementation of the Internal Audit Plan | 100% implementation of the Internal Audit Plan | 100% implementation of the Internal Audit Plan | 100% implementation of the Internal Audit Plan | None | Not applicable |
| | 1.2. Anti-fraud and corruption | 1.2.1. Percentage implementation of the Fraud Prevention Plan | 100% implementation of the Fraud Prevention Plan | 100% implementation of the Fraud Prevention Plan | 100% implementation of the Fraud Prevention Plan | 100% implementation of the Fraud Prevention Plan | None | Not applicable |
| | 1.3. Risk management | 1.3.1. Percentage implementation of the Risk Management Plan | 100% implementation of the Risk Management Plan | 100% implementation of the Risk Management Plan | 100% implementation of the Risk Management Plan | 100% implementation of the Risk Management Plan | None | Not applicable |
| | 1.4. Payment of valid invoices | 1.4.1. Percentage of valid invoices paid within 30 days | New indicator | New indicator | 100% of valid invoices paid within 30 days | 100% of valid invoices paid within 30 days | None | Not applicable |
| Outcome 6: A transformed Social Housing Sector Value chain | 6.1. Preferential procurement | 6.1.1. Percentage of SHRA procurement spend on businesses majority-owned by women | 48.49% of SHRA procurement spend on businesses owned by women | 41.14% of SHRA procurement spend on businesses owned by women | 40% of annual SHRA procurement spend targeted at businesses owned by women | 56% of annual SHRA procurement spend targeted at businesses owned by women | Over-achievement by 16 per cent | Not applicable |

| Outcome | Output | Outcome Indicator | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24 | Planned Annual Target 2024/25 | **Actual Achievement 2024/25 | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviations |
|---------|--------|---|------------------------------------|------------------------------------|--|---|---|--|
| | | 6.1.2 Percentage of annual SHRA procurement spend, targeted at businesses owned by youth, and persons with disabilities | New indicator | New indicator | 26% of annual SHRA procurement spend, targeted at businesses owned by youth, and persons with disabilities | 16.36% of annual SHRA procurement spend, targeted at businesses owned by youth, and persons with disabilities | Underachieve – ment by 9.64 per cent | The target was missed due to a limited pool of compliant suppliers owned by youth or persons with disabilities, procurement challenges, and low tender participation. The SHRA plans to improve this by developing suppliers, increasing outreach and training, and better aligning procurement with transformation goals. |

Programme 2: Compliance, Accreditation and Regulation

The purpose of Programme 2: Compliance, Accreditation and Regulation is to accredit SHIs and projects and ensure compliance of the sector for the purpose of attracting private investment and to ensure sustainability of the Social Housing Programme. It is responsible for the regulation of social housing, accreditation of SHIs, and project and compliance monitoring.

The Programme comprises three sub-programmes:

- Regulation of social housing
- Accreditation of SHIs
- Project and compliance monitoring

The Compliance, Accreditation and Regulation (CAR) Programme delivers against the following Outcomes reflected in the 2020-2025 Strategic Plan:

- **Outcome 5:** An effectively regulated and sustainable Social Housing Sector
- **Outcome 6:** A transformed Social Housing Sector value chain

The 2024/25 Output-Level Performance Plan for Programme 2 is reflected in the log frame tables below:



Programme: Compliance, Accreditation and Regulation

| Outcome | Output | Outcome Indicator | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24 | Planned Annual Target 2024/25 | **Actual Achievement 2024/25 | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviations |
|---|--|---|---|--|--|--|---|---|
| Outcome 5: An effectively regulated and sustainable Social Housing Sector | 5.1. Performance monitoring of delivery agents | 5.1.1. Percentage of the Remedial Action plan implemented | New indicator | 71.84% of the Remedial Action plan implemented | 100% of the Remedial Action Plan implemented | 100% of the Remedial Action Plan implemented | No deviation | Not applicable |
| | 5.2 Tenancy compliance and satisfaction monitoring | 5.2.1. Number of subsidised housing units' tenancy audits conducted | 3 525 subsidised housing units' tenancy | 3 944 subsidised housing units' tenancy audits conducted | 3 750 subsidised housing units' tenancy audits conducted | 4 064 subsidised housing units' tenancy audits conducted | Overachieved by 314 units | Overachievement was driven by improved audit scheduling, digital tracking tools, and added audit personnel, enabling the SHRA to exceed targets efficiently and without compromising quality. |
| | | 5.2.2 Number of Compliance Monitoring Inspections conducted | New indicator | 9 Compliance Monitoring Inspections conducted | 8 Compliance Monitoring Inspections conducted | 21 Compliance Monitoring Inspections conducted | Overachieved by 13 inspections | The rise in inspections was due to hiring more compliance officers and adopting a risk-based enforcement strategy focused on underperforming and high-risk projects, strengthening the SHRA's compliance oversight. |

| Outcome | Output | Outcome Indicator | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24 | Planned Annual Target 2024/25 | **Actual Achievement 2024/25 | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviations |
|--|---|---|------------------------------------|--|---|--|---|--|
| | | 5.2.3 Number of Building Condition Audits conducted | New indicator | 11 building condition audits conducted | 10 building condition audits conducted | 13 building condition audits conducted | Overachieve--ment by 3 audits | Overachievement resulted from better planning, route optimization, strategic resource deployment, and added trained per--sonnel, increasing the number of audits completed on time. |
| | 5.3 Improved accreditation process | 5.3.1 Number of fully accredited institutions | New indicator | 9 fully accredited institutions | 10 fully accredited institutions | 10 fully accredited institutions | No deviation | Not applicable |
| Outcome 6: A transformed Social Housing Sector value chain | 6.2. Accreditation towards empowered entities and designated groups | 6.2.1. Percentage of projects accredited from other delivery agents that are majority Black-owned | New indicator | 100% | 75% of projects accredited from other delivery agents that are majority black owned | 100% of projects accredited from other delivery agents that are majority black owned | Overachieved by 25 per cent | Overachievement was driven by more applications from majority Black-owned entities, due to improved outreach, clearer qualification cri--teria, and stronger applicant support, aligning with the SHRA's transforma--tion goals. |

Programme 3: Sector Development and Transformation

The purpose of programme 3: Sector Development and Transformation is to support the growth and development of the Social Housing Sector and to administer the Institutional Investment Grant (IIG). It is responsible for the growth and development of Social Housing Institutions (SHIs) and Other Delivery Agents (ODAs), transformation and empowerment of the Social Housing Sector, assessment of applications for IIGs, and the coordination and management thereof.

The Sector Development Programme delivers against the following Outcomes reflected in the 2020-2025 Strategic Plan:

- **Outcome 3:** Enhanced performance of delivery agents and projects
- **Outcome 4:** Increased capacity of municipalities and provinces to deliver social housing
- **Outcome 6:** A transformed Social Housing Sector value chain

The 2024/25 Output-Level Performance Plan for Programme 3 is reflected in the log frame tables below:



Programme: Sector Development and Transformation

| Outcome | Output | Outcome Indicator | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24 | Planned Annual Target 2024/25 | **Actual Achievement 2024/25 | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviations |
|---|---|---|--|--|--|--|---|---|
| Outcome 3: Enhanced performance of delivery agents and projects | 3.1. Institutional Investment Grant (IIG) Programme | 3.1.1. Percentage achievement of the SHI Intervention Plan | 100% achievement of the SHI Intervention Plan | 100% achievement of the SHI Intervention Plan | 80% achievement of the SHI Intervention Plan | 100% achievement of the SHI Intervention Plan | Overachieved by 20 per cent | The overachievement resulted from the SHRA expanding support to SHIs beyond the original plan, enabled by better resource availability and a responsive stakeholder engagement approach. |
| | | 3.1.2. Percentage achievement of the Social Housing Projects' Intervention Plan | 0% achievement of the Social Housing Projects' Intervention Plan | 100% achievement of the Social Housing Projects' Intervention Plan | 75% achievement of the Social Housing Projects' Intervention Plan | 0% achievement of the Social Housing Projects' Intervention Plan | Underachieved by 75 per cent | The planned target was not achieved due to poor planning. |
| Outcome 4: Increased capacity of municipalities and provinces to deliver social housing | 4.1. Municipal support programme | 4.1.1. Number of projects within municipalities receiving support that are approved | 0 projects within municipalities receiving support that are approved | 0 projects within municipalities receiving support that are approved | 3 projects within municipalities receiving support that are approved | 2 projects within municipalities receiving support that are approved | Underachieved by 1 project | Two projects secured council approval, while one was halted due to compliance issues. To improve future outcomes, SHRA will enhance early municipal engagement and offer targeted technical support to resolve compliance challenges. |
| | | | | | | | | |

| Outcome | Output | Outcome Indicator | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24 | Planned Annual Target 2024/25 | **Actual Achievement 2024/25 | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviations |
|---|---------------------------------|---|--|--|-------------------------------|------------------------------|---|--|
| Outcome 6: A transformed Social Housing Sector value chain | 6.3. Youth internship programme | 6.3.1. Number of youth graduates placed | 11 youth graduates placed within the Social Housing Sector | 18 youth graduates placed within the Social Housing Sector | 20 youth graduates placed | 21 youth graduates placed | Overachieved by 1 placement | The slight overachievement was due to strong interest from host institutions and an extra placement opportunity. The SHRA will remain flexible to seize similar future opportunities while staying within resource limits. |

Programme 4: Project Development and Funding

The purpose of Programme 4: Project Development and Funding is to facilitate the delivery of social housing units through the optimal investment and management of the consolidated capital grant, effective deal-making, partnerships management (provinces, municipalities, other government institutions, funders, and financiers), and transformation of the Construction Sector.

In supporting the SHRA's impact statement, which is "A transformed, compliant, and sustainable Social Housing Sector, comprising integrated, quality, and affordable social housing," the Project Development and Funding Programme delivers against the following Outcomes reflected in the 2020-2025 Strategic Plan:

- **Outcome 2:** Quality affordable social housing for rental delivered in strategically located areas
- **Outcome 6:** A transformed Social Housing Sector value chain

The 2024/25 Output-Level Performance Plan for Programme 4 is reflected in the log frame tables below:



Programme: Project Development and Funding

| Outcome | Output | Outcome Indicator | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24 | Planned Annual Target 2024/25 | **Actual Achievement 2024/25 | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviations |
|--|---------------------------------------|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|--|
| Outcome 2: Quality affordable social housing for rental delivered in strategically located areas | 2.1. Delivery of Social housing units | 2.1.1. Number of social housing units completed | 3 182 social housing units completed | 3 066 social housing units completed | 2 699 social housing units completed | 1 364 social housing units completed | Underachievement of 1 335 units | The underachievement is mainly due to delays in project approvals, contracting, and SHIs struggling to secure debt funding, which postponed project implementation. To address this, SHRA will fast-track project approvals, enhance readiness assessments, support SHIs in accessing funding, monitor advanced projects closely, and improve coordination with contractors. |
| | | 2.1.2. Number of social housing units tenanted | 2 595 social housing units tenanted | 2 961 social housing units tenanted | 2 257 social housing units tenanted | 2 661 social housing units tenanted | Overachievement of 404 units. | |

| Outcome | Output | Outcome Indicator | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24 | Planned Annual Target 2024/25 | **Actual Achievement 2024/25 | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviations |
|---|---|---|---|---|---|--|---|--|
| | 2.2. Expenditure of the Consolidated Capital Grant (CCG) | 2.2.1. Percentage expenditure of the approved annual Consolidated Capital Grant cashflow projection | 97% expenditure of the approved annual Consolidated Capital Grant cashflow projection | 90% expenditure of the approved annual Consolidated Capital Grant cashflow projection | 95% expenditure of the approved annual Consolidated Capital Grant cashflow projection | 100% expenditure of the approved annual Consolidated Capital Grant cashflow projection | Overachieve – ment of 5 per cent | The overperformance was due to better financial efficiency, timely SHI claims, and strong coordination between PMU and Finance. To sustain this, SHRA will enhance financial monitoring and maintain proactive engagement with SHIs to ensure timely fund drawdowns. |
| Outcome 6: A transformed Social Housing Sector value chain | 6.4. Preferential award and spend of the Consolidated Capital Grant (CCG) | 6.4.1. Percentage of CCG awarded to black majority – controlled enterprises | 100% of CCG awarded to black majority – controlled enterprises | 100% of CCG awarded to black majority – controlled enterprises | 75% of CCG awarded to Black majority – controlled enterprises | 100% of CCG awarded to black majority – controlled enterprises | Overachieve – ment of 25 per cent | The target was exceeded by prioritizing funding for qualifying Black-owned SHIs, supporting SHRA's transformation goals. To sustain this, SHRA will uphold inclusive funding policies and offer targeted support to new Black-owned SHIs. |

| Outcome | Output | Outcome Indicator | Audited Actual Performance 2022/23 | Audited Actual Performance 2023/24 | Planned Annual Target 2024/25 | **Actual Achievement 2024/25 | Deviation from Planned Target to Actual Achievement 2024/25 | Reasons for Deviations |
|--|--------|--|--|--|--|--|---|--|
| 6.4.2. Percentage spent by grant recipients on main contractors and professional teams that are from the designated groups | | 6.4.2. Percentage spent by grant recipients on main contractors and professional teams that are from the designated groups | 9% of construction spend to enterprises that are majority-owned by women | 35.18% of construction spend to enterprises that are majority-owned by women | 25% spent by grant recipients on main contractors and professional teams that are from the designated groups | 33% spent by grant recipients on main contractors and professional teams that are from the designated groups | Overachieve-ment of 8 per cent | The result stemmed from better compliance checks at Condition Precedent (CP) and Financial Closer (FC) stages, ensuring designated group representation. SHRA will continue enhancing procurement compliance and strengthening oversight mechanisms. |
| 6.4.3. Number of job opportunities created through projects implemented | | 6.4.3. Number of job opportunities created through projects implemented | 7 990 job opportunities created through projects implemented | 9 516 job opportunities created through projects implemented | 6 200 job opportunities created through projects implemented | 8 341 job opportunities created through projects implemented | Overachieve-ment of 2 141 jobs | More job opportunities arose from faster-than-expected construction progress. To sustain this, the SHRA will replicate best practices from top projects and encourage local labor use and skills development in future initiatives. |

Table 10: Programme expenditure against budget 2024/25.

| Programme | 2024/25 | | | | |
|-------------------------------|--------------------|---------------------|---------------------|------------------------|------------------------------|
| | Budget (R) | Adjusted Budget (R) | Adjusted budget (R) | Actual Expenditure (R) | (Over)/Under Expenditure (R) |
| 1. Administration- Operations | 69 563 000 | | 69 563 000 | 72 878 301 | (3 315 301) |
| 2. CAR- Operations | 6 792 000 | | 6 792 000 | 5 304 006 | 1 487 994 |
| 3. SD & T - IIG | 24 684 000 | | 24 684 000 | 20 687 076 | 3 996 924 |
| 4. PD&F - CCG | 763 051 000 | 40 160 579 | 803 211 579 | 803 211 576 | 3 |
| Total | 864 090 000 | 40 160 579 | 904 250 579 | 902 080 959 | 2 169 620 |



PART C



GOVERNANCE

Corporate governance embodies processes and systems by which public entities are directed, controlled, and held to account. In addition to legislative requirements based on a public entity's enabling legislation and the Companies Act, corporate governance with regards to public entities is applied through the prescripts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King Reports on Corporate Governance. Parliament, the Executive Authority, and the Accounting Authority of the public entity are responsible for oversight and corporate governance.

Portfolio Committees

Parliament exercises its role through evaluating the performance of the public entity by interrogating their annual financial statements and other relevant documents which must be tabled as well as any other documents tabled from time to time.

The Standing Committee on Public Accounts (SCOPA) reviews the annual financial statements and the audit reports of the external auditor.

The Portfolio Committee exercises oversight into the service delivery performance of the public entity and, as such, reviews the non-financial information contained in the annual reports of the public entity and is concerned with service delivery and enhancing economic growth.

The SHRA Executive and Council Chairperson attended the Portfolio Committee on Human Settlements as follows:

- 22 August 2024, induction workshop conducted by the National Department of Human Settlements (NDHS) and its entities.
- 18 October 2024, briefing from the National Department of Human Settlements (NDHS) and its entities on the SHRA 2023/24 Annual Report.

Executive Authority

Oversight by the Executive Authority rests on the prescripts of the PFMA. The PFMA grants authority to the Executive Authority specific oversight powers. The Executive Authority also has the power to appoint and dismiss the Council of a public entity.

The Executive Authority must also ensure that the appropriate mix of executive and non-executive Council members are appointed and that they have the necessary skills to guide the public entity. During the 2024/25 financial year, the Executive Authority formalised the SHRA governance structure by appointing a Council of twelve members for a period of three years commencing on 13 January 2025.

During the 2024/25 financial year, quarterly reports were submitted to the Executive Authority within the period stipulated by the National Treasury.

The Accounting Authority

The Council is the accounting authority of the SHRA. The Council of a public entity constitutes a fundamental base for the application of corporate governance principles in the public entity. All public entities should be headed and controlled by an effective and efficient Accounting Authority, comprising of the appropriate mix of executive and non-executive members representing the necessary skills to strategically guide the public entity. Most of the Council are made up of non-executive members to ensure independence and objectivity in decision-making. The Council has absolute responsibility for the performance of the public entity and is fully accountable to the public entity and the Executive Authority for such performance. The Council should also give strategic direction to the public entity.

The role of the Council is as follows:

- It holds absolute responsibility for the performance of the public entity.
- It retains full and effective control over the public entity.
- It ensures that the public entity complies with applicable laws, regulations, and government policy.
- It has unrestricted access to information from the public entity.
- It formulates, monitors, and reviews corporate strategy, major plans of action, risk policy, annual budgets, and business plans.
- It ensures that the shareholders' performance objectives are achieved.
- It manages potential conflicts of interest.
- It develops a clear definition of levels of materiality.
- It attends scheduled meetings.
- It ensures financial statements are prepared.
- It appraises the performance of the Chairperson.
- It ensures effective Council induction.
- It maintains integrity, responsibility, and accountability.

COUNCIL CHARTER

As recommended by the King Codes, the Council has a Charter setting out its responsibilities, which is disclosed in its Annual Report. The Council Charter confirms the following:

- The Council's responsibility for the adoption of strategic plans.
- Monitoring operational performance and management.
- Determination of policy processes to ensure the integrity of the public entity risk management and internal controls.

The Council Charter was reviewed and approved during the 2024/25 financial year.

The Council members comply with the provisions of the Charter.

COMPOSITION OF COUNCIL

The composition of the SHRA Council is governed by Section 9 of the Social Housing Act. During the reporting period, the term of the previous Council concluded, necessitating the appointment of a new Council.

The term of the outgoing Council ended on 25 November 2024, and a new Council, comprising twelve members, was formally appointed by the Executive Authority on 13 January 2025.

CURRENT COUNCIL COMPOSITION (13 JANUARY 2025– MARCH 2025)

Non-Executive Members:

- Ms Pulane Thobejane (Chairperson)
- Ms Ayanda Olifant
- Mr James Maboja
- Mr Kevin Kiewitz
- Ms Lindiwe Mjobo
- Ms Keletso Mokoena
- Mr Justice Makoko Makgonye
- Dr Soraya Beukes
- Mr Naledzani Richard Sengani
- Dr Xitshembhiso Mulamula
- Mr Tumisho Makofane (appointed 25 February 2025)

PREVIOUS COUNCIL COMPOSITION (UP TO 25 NOVEMBER 2024)

Non-Executive Members:

- Ms Pulane Mogotsi-Thobejane (Chairperson)
- Ms Busisiwe Nzo
- Ms Lahlane Malema
- Ms Sanele Masiza
- Ms Ayanda Olifant
- Mr Jacob Khawe
- Mr Kevin Kiewitz
- Ms Queendy Gungubele
- Mr James Mashukudu Maboja
- Prof Mandlakhe Radebe

Executive Members:

During the period under review, there was a change in the composition of the Executive Council Members.

CURRENT EXECUTIVE COUNCIL MEMBERS COMPOSITION (AUGUST 2024–MARCH 2025)

- Mr Lebowa Letsoalo (Acting Chief Executive Officer)
- Mr Vusi Fakudze (Acting Corporate Services Manager)

PREVIOUS EXECUTIVE COUNCIL MEMBERS COMPOSITION (APRIL 2024 TO JULY 2024)

- Mr Sandile Luthuli (Chief Executive Officer)
- Ms Lorato Sithole (Corporate Services Manager)

COMMITTEES OF COUNCIL

Audit and Risk Committee

The committee's main purpose is to ensure the appropriateness of financial reporting, ensure the implementation of an effective system of internal controls, oversee internal and external audit processes, and to oversee the implementation of the ICT strategy and effective risk management.

Project Development and Funding Committee

The committee oversees the Social Housing Investment Plan, ensuring adherence and compliance to the Capital Investment Plan and legislated investment criteria. Additionally, the committee is responsible for monitoring agreements entered into with SHIs and ODAs, and provinces to protect the government's investment in social housing.

Compliance, Accreditation and Regulations Committee

The Committee has the strategic responsibility of overseeing the Social Housing Regulatory Plan and ensures compliance with that plan and the Social Housing Act. Furthermore, it has the responsibility of ensuring that there is compliance monitoring of all the reporting entities. The committee is tasked with other critical activities such as the approval of transfer and/or disposal of social housing stock by delivery agents.

Human Resources and Remuneration Committee

The Committee has the responsibility to inform and ensure that management is provided with guidance on the adequacy and efficiency of the human resources policies, procedures and practices applied by the Social Housing Regulatory Authority. The committee

is primarily responsible for the effective operation of core HR functions such as human capital management, talent management, diversity, leadership development, succession planning, reward and remuneration and performance management.

Social and Ethics Committee

The Committee oversees the Social Housing Regulatory Authority's activities related to sustainable social and economic development, which include the promotion of equality, transformation and inclusivity and ethics management. Additionally, the committee ensures that SHRA operates in a manner that promotes accountability, fairness, and transparency while contributing positively to society and the environment.



Table 11: Composition of Council and qualifications as at year end.

| Name | Designation | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | Meetings Attended |
|-----------------------------|----------------------|----------------------------------|---------------|---|--|---|---|-------------------|
| Pulane Mogotsi-Thobejane | Council Chairperson | 13 January 2025 (Chairperson) | Current | Hon. Degree in Social Sciences Advanced Certificate in Labour Relations and HR Management | Stakeholder Management Human Resources Executive Leadership | Joburg Water | Project Development and Funding Committee Social and Ethics Committee | 16 |
| Justice Makoko Makgonye | Non-Executive Member | 13 January 2025 | Current | Masters in business leadership BTech in Educational Management | Project Management Stakeholder Relations Labour Relations Policy Development and Planning Fundraising and Financial Management Facilities and Resources Management Supply Chain Management | Johannesburg Development Agency (March 2024 to July 2024) Johannesburg Water | Project Development and Funding Committee Human Resources and Remuneration Committee | 5 |
| Xitshe mbiso Russe Mulamula | Non-Executive Member | 13 January 2025 | Current | Doctor of Philosophy Master of Management (Governance) Master of Business Leadership (MBL) Post Graduate Diploma in Business Administration Certificate in Public Management and Leadership CIS: Governance and Administration 1 to 3 Entrepreneurship: Launching an innovative business specialization | Corporate Governance IT Governance Strategy Policy Formulation Internal Control AI Ethics and Governance Risk Management Ethical Leadership | Council Member: University of Limpopo Council Member: Letaba TVET College Board of Trustee - Excelsior Wind Farm Community Trust, the Koonkoosies II Solar Facility Community Trust and the Aggeneys Solar Facility Board of Trustee - Thornhill Estate (Fairview) | Project Development and Funding Committee Audit and Risk Committee | |

| Name | Designation | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | Meetings Attended |
|----------------------------|----------------------|-----------------|---------------|---|---|--|---|-------------------|
| Mashukudu James Maboa | Non-Executive Member | 13 January 2025 | Current | BCom Degree Post Graduate Diploma in Accounting Advanced Diploma in Auditing SAICA Certificate in Property Development and Investment Real Estate University Programme | Finance Auditing Investments Human Resources Corporate Governance Compliance | Nehawu Investment Holdings (Pty) Ltd Eyesizwe mining (Pty) Ltd Eyesizwe Mining Development Trust Momentum Health Solutions (Pty) Ltd Metropolitan Health Corporate (Pty) Ltd Finance and Accounting Services Sector Education and Training Authority (FASSET) | Project Development and Funding Committee (Chairperson) Human Resources and Remuneration Committee | 17 |
| Kevin Kiewitz | Non-Executive Member | 13 January 2025 | Current | BA Law (LLB) LLM (Banking) Certificate and Advanced Course in Business Rescue Proceedings/ Insolvency Law & Practise | Legal Corporate Governance Executive Leadership | Director - Abrahams Kiewitz Inc. | Compliance, Accreditation and Regulations Committee (Chairperson) Social and Ethics Committee | 18 |
| Lindiwe Ntombikayise Mjobo | Non-Executive Member | 13 January 2025 | Current | Higher Certificate in Social Media and Communication Certificate in Computer and Information System Human Settlements Management Course certificates: Informal Settlement upgrading theories and practice; | Development of Public Policy Urban Development Governance Regulatory Compliance | None | Compliance Accreditation and Regulations Human Resources and Remuneration Committee | 5 |

| Name | Designation | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | Meetings Attended |
|--|----------------------|-----------------|---------------|---|---|--|--|-------------------|
| Theory of Land Use Planning and Management; Property Development | | | | | | | | |
| Ayanda Ollifant | Non-Executive Member | 13 January 2025 | Current | <p>Masters in Business Administration</p> <p>Post Graduate Diploma in Digital Business</p> <p>Chartered Financial Analyst</p> <p>Certificate Course in Competition Law</p> <p>Master in Commerce</p> <p>BSC Economics (Honours)</p> | <p>Finance Investments</p> <p>Human Resources Executive Leadership</p> | None | <p>Human Resources and Remuneration Committee (Chairperson)</p> <p>Social and Ethics Committee</p> | 20 |
| Keletso Phindiwe Mokoena | Non-Executive Member | 13 January 2025 | Current | <p>BSC in Agriculture (Horticulture)</p> <p>MSc Horticulture</p> <p>Certified Diploma in Accounting and Finance</p> | <p>Land and Rural Development</p> <p>Strategic Leadership</p> <p>Environmental Management</p> <p>Accounting and Finance</p> <p>Development Finance</p> <p>Public Finance</p> <p>Corporate Governance</p> <p>Public Policy</p> <p>Construction and Civil Engineering</p> | <p>Industrial Development (IDC) nominee for Kruger Berries (Pty) Ltd</p> | <p>Audit and Risk Committee</p> <p>Social and Ethics Committee</p> | 4 |

| Name | Designation | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | Meetings Attended |
|---------------------------|----------------------|------------------|---------------|--|--|---|---|-------------------|
| Naledzani Richard Sengani | Non-Executive Member | 13 January 2025 | Current | National Diploma in Civil Engineering Bachelor of Earth Sciences in Hydrology and Water Resources Certificate Programme in Business Project Management Certificate Programme in Municipal Finance | Project Management Municipal Support Business Management Local Economic Development Policy and Institutional controls development Infrastructure Planning, Development, Refurbishment and Upgrading | None | Audit and Risk Committee Project Development and Funding Committee | 3 |
| Soraya Beukes | Non-Executive Member | 13 January 2025 | Current | Doctor of Law in Public Law LLM LLB | | None | Social and Ethics Committee (Chairperson) Compliance Accreditation and Regulations Committee | 4 |
| Refilwe Rapotu | Non-Executive Member | 13 January 2025 | Current | Masters in Civil and Environmental Engineering Masters in Business Administration B (Eng) Civil | Structural Design of Building Structural Condition Assessments Reliability of Civil Infrastructure Civil Construction Quality Control Water-loss Management | None | Audit and Risk Committee Project Development and Funding Committee | 4 |
| Tumisho Makofane | Non-Executive Member | 25 February 2025 | Current | N-Dip Building B-Tech Construction Management MPhil – Corporate Strategy PHD – Management Studies | Corporate Strategy | St Mary's Diocesan School for Girls (DSG) | Project Development and Funding Committee Human Resources and Remuneration Committee | – |

| Name | Designation | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | Meetings Attended |
|--|---|------------------|------------------|---|---|--|---|-------------------|
| Current Executive Council Members Composition (August 2024–March 2025) | | | | | | | | |
| Lebowa Letsoalo | Acting Chief Executive Officer (Executive Member of Council) | 01 August 2024 | Current | BTech: Civil Engineering National Diploma: Civil Engineering | Executive Leadership Project Management Contract Management Development Management Construction Monitoring General Management | None | Attends all committees of Council | 16 |
| Vusi Fakudze | Acting Corporate Services Manager (Executive Member of Council) | 01 August 2024 | Current | Bachelor of Laws (LLB) BCom Law Bachelor of Accounting Science (B Compt) Supply Chain Management | Risk Management Financial Management Performance Information Management Governance, Compliance and Stakeholder Management Supply Chain Management Human Resource Management Internal and External Audit | None | Attends all committees of Council | 12 |
| Former Council Members (April 2024 to November 2024) | | | | | | | | |
| Busisiwe Nzo | Non-Executive Member | 26 November 2021 | 25 November 2024 | BSC Quantity Survey Programme for Leadership Development Property Development Programme | Built Environment Corporate Governance | DUT Council NHBRC Nelson Mandela University Investment Company | Project Development and Funding Committee Audit and Risk Committee | 15 |

| Name | Designation | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | Meetings Attended |
|------------------|----------------------|------------------|------------------|--|--|--|---|-------------------|
| Lahlane Malema | Non-Executive Member | 26 November 2021 | 25 November 2024 | BProc LLB | Legal Corporate Governance Executive Leadership Compliance Risk Management | National Research Foundation (NRF) Weskoppies Psychiatric Hospital SA Forestry Company Ltd (SAFCOL) Ekurhuleni Municipality's Appeals Authority (EMAA) University of South Africa (UNISA) Legal Practice Council Gauteng (LPC) Water Tribunal (Department of Water and Sanitation) | Social and Ethics Committee (Chairperson) Compliance Accreditation and Regulations Committee | 15 |
| Mandlakhe Radebe | Non-Executive Member | 26 November 2021 | 25 November 2024 | PHD Media Studies Masters (Media and Journalism) BA Honours (Journalism and Media Studies) Bachelor of Science (Statistics and Computer Technology) | Communications Stakeholder Management Strategic Planning Finance | Vaal University of Technology | Social and Ethics Committee Human Resources and Remuneration Committee | 17 |

| Name | Designation | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | Meetings Attended |
|-------------------|----------------------|------------------|------------------|--|--|---------------------|--|-------------------|
| Sanele Masiza | Non-Executive Member | 26 November 2021 | 25 November 2024 | BCom Honours Statistics Certification in Investment Analysis and Portfolio Management Master of Science (Financial Economics) Compliance Certificate (Short-Term Programme) Programme in Short-Term Insurance | Investments Risk Management Economics Compliance Executive Leadership Governance Ethics Management Strategy | None | Project Development and Funding Committee Audit and Risk Committee | 9 |
| Queendy Gungubele | Non-Executive Member | 14 April 2024 | 25 November 2024 | B. Juris Adv Diploma in Labour Law LLM, Labour Law | Human Resource Management Legal Expertise Ethics and Governance Labour Law Performance Management | Kumaka | Compliance Accreditation and Regulations Committee Human Resources and Remuneration Committee | 18 |
| Jacob Khawe | Non-Executive Member | 04 July 2023 | 25 November 2024 | Transitional Justice African Economy Leadership Project Management | Public Management and Policy Executive and Legislature Governance Advocacy | Mental Health Board | Compliance Accreditation and Regulations Committee Social and Ethics Committee | 15 |

| Name | Designation | Date Appointed | Date Resigned | Qualifications | Area of Expertise | Board Directorships | Other Committees or Task Teams | Meetings Attended |
|--|-----------------------------------|-----------------|---------------|---|-------------------------------------|---------------------|------------------------------------|-------------------|
| Former Executive Council Members (April 2024 to July 2024) | | | | | | | | |
| Sandile Luthuli | Former CEO | 1 February 2023 | 30 July 2024 | Master of Philosophy in Development Finance Higher Diploma in Company Law Master in Business Administration Bachelor of Commerce Degree with Honours | Strategy Finance Economics | None | Attended all committees of Council | 13 |
| Lorato Sithole | Former Corporate Services Manager | 28 August 2023 | 30 July 2024 | Master of Business Leadership Chartered Accountant Bachelor of Commerce with Honours in Accountancy | Financial Leadership and Management | None | Attends all committees of Council | 18 |

Committees

Table 12: Committees of Council as at year end.

| Committee | No. of meetings held | No. of members | Name of members |
|--|----------------------|----------------|---|
| HUMAN RESOURCES AND REMUNERATION (April 2024 to November 2024) | 5 | 4 | <ul style="list-style-type: none"> • Ms A Olifant (Chairperson) • Mr J Maboja • Ms Q Gungubele • Ms P Mogotsi-Thobejane |
| HUMAN RESOURCES AND REMUNERATION (from February 2025) | 1 | 5 | <ul style="list-style-type: none"> • Ms A Olifant (Chairperson) • Mr J Maboja • Ms L Mjobo • Mr J Makgonye • Mr T Makofane |
| PROJECT DEVELOPMENT AND FUNDING (April 2024 to November 2024) | 4 | 4 | <ul style="list-style-type: none"> • Mr J Maboja (Chairperson) • Ms P Thobejane • Ms B Nzo • Ms S Masiza |
| PROJECT DEVELOPMENT AND FUNDING (from February 2025) | – | 5 | <ul style="list-style-type: none"> • Mr J Maboja (Chairperson) • Ms R Rapotu • Mr T Makofane • Mr N Sengani • Ms P Thobejane |
| SOCIAL AND ETHICS COMMITTEE (April 2024 to November 2024) | 4 | 4 | <ul style="list-style-type: none"> • Ms L Malema (Chairperson) • Prof M Radebe • Mr K Kiewitz • Mr. J Khawe |
| SOCIAL AND ETHICS COMMITTEE (from February 2025) | – | 5 | <ul style="list-style-type: none"> • Dr S Beukes (Chairperson) • Ms P Thobejane • Ms K Mokoena • Mr K Kiewitz • Ms A Olifant |
| AUDIT AND RISK COMMITTEE (April 2024 to November 2024) | 4 | 4 | <ul style="list-style-type: none"> • Ms Z Tshabalala (Independent Chairperson) • Ms S Masiza • Ms A Olifant • Ms B Nzo |
| AUDIT AND RISK COMMITTEE (from February 2025) | – | 5 | <ul style="list-style-type: none"> • Ms Z Tshabalala (Independent Chairperson) • Ms K Mokoena • Dr X Mulamula • Ms R Rapotu • Mr N Sengani |

| Committee | No. of meetings held | No. of members | Name of members |
|---|----------------------|----------------|---|
| COMPLIANCE ACCREDITATION AND REGULATIONS (April 2024 to November 2024) | 4 | 4 | <ul style="list-style-type: none"> • Mr K Kiewitz (Chairperson) • Mr Q Gungubele • Ms L Malema • Mr J Khawe |
| COMPLIANCE ACCREDITATION AND REGULATIONS (from February 2025) | – | 5 | <ul style="list-style-type: none"> • Mr K Kiewitz (Chairperson) • Dr S Beukes • Ms L Mjobo • Dr X Mulamula • Mr J Makgonye |

The table above outlines the composition of the Council Sub-Committees for the period April 2024 to November 2024, which marked the conclusion of the previous Council's term.

Following the appointment of a new Council, the induction process was finalised in February 2025. Consequently, no ordinary committee meetings were held in January 2025. In line with section 49 of the PFMA, the Acting CEO, as the designated Accounting Authority in the absence of a Council, approved the quarterly reports to ensure compliance with reporting deadlines. The table also reflects the updated sub-committee compositions effective from February 2025.

Remuneration of Council members

The remuneration of the Council members, as well as the travel disbursements and subsistence allowances, are determined by National Treasury guidelines. Council Members in the employ of the state are not remunerated as per the National Treasury guidelines.

Table 13: Council remuneration 2024/25 (Rand)

| All figures in Rand | | | | |
|---------------------------|--------------|-----------------|----------------|---------------------|
| Name | Remuneration | Travel Expenses | Other Services | Total |
| Pulane Mogotsi-Thobejane | 104 902 | 2 602.57 | 98 997 | 206 501.57 |
| Busisiwe Nzo | 80 940 | – | 26 972 | 107 912 |
| Jacob Khawe | 83 328 | 5 853.50 | 28 787 | 117 968.50 |
| Lahlane Malema | 94 924 | 2 884.62 | 38 665 | 136 473.62 |
| James Maboja | 123 420.50 | 1 103.51 | 27 981 | 152 505.01 |
| Sanele Masiza | 48 564 | 171.34 | 18 543 | 67 278.34 |
| Kevin Kiewitz | 104 658.50 | – | 45 406 | 150 064.50 |
| Lindiwe Mjobo | 12 308.50 | 8 317.44 | 15 845 | 36 470.94 |
| Mandla Radebe | 91 732.00 | 1 615.60 | 16 500 | 109 847.60 |
| Keletso Mokoena | 11 634.50 | 1 231.49 | 17 420 | 30 285.99 |
| Justice Makoko Makgonye | 12 746.50 | 1 409.31 | 19 703 | 33 858.81 |
| Naledzani Richard Sengani | 6 238.50 | 1 261.59 | 9 741 | 17 241.09 |
| Ayanda Olifant | 121 492.50 | 284.60 | 42 397.50 | 164 174.60 |
| Queendy Gungubele | 100 624.00 | 1 085.13 | 27 983 | 129 692.13 |
| Refilwe Rapotu | – | 2 942.72 | – | 2 942.72 |
| Soraya Beukes | 11 634.50 | – | 7 416.00 | 19 050.50 |
| Xitshembhiso Mulamula | 11 634.50 | – | 1 011.00 | 12 645.50 |
| Zelda Tshabalala | 227 137.50 | – | – | 227 137.50 |
| Total | | | | 1 722 050.92 |

RISK MANAGEMENT

Risk Management within the SHRA is on an ongoing journey directed at realising performance and sustainability by building an optimal risk culture as well as integration of risk management with its planning, performance, and sustainability management programmes. Risk management is also about capitalising on the opportunities that the risk universe presents to the institution.

This journey takes place in a measured and progressive manner over the financial year and in line with available financial and other resources as approved from time to time. For that reason, the essence of the risk implementation plan is to focus on the core priorities of the organisation under conditions of constrained resources. The SHRA hopes to ensure that over time, there is progressive capability building in a manner that builds internal capacity and skills whilst ensuring that all relevant stakeholders are educated on risk management.

The SHRA has an approved risk management policy and strategy which provides guidance on the risk assessment principles and processes. The SHRA conducts regular risk assessments to determine the effectiveness of its risk management strategy and to identify new and emerging risks.

The Audit and Risk Committee reports to Council on the overall system of risk management, especially the mitigation of undesirable levels of risk. It also advises Council on risk management and independently monitors the effectiveness of the system of risk management. It uses its risk management plan to monitor progress in the management of risks.

INTERNAL CONTROL UNIT

The internal audit function, under the oversight of the audit and risk committee, is recognised as an integral part of the governance structure and assurance matrix of the organisation.

The internal audit charter is reviewed annually. The charter is in line with the International Internal Audit Standards and defines the roles, responsibility, and authority of internal audit, including its role within combined assurance. Updates to the charter are approved by the audit and risk committee.

The internal audit function is independent of management. Management designs and implements the controls that are in place to manage key risks. Internal audit provides assurance over the effectiveness of the internal control environment. The internal audit function is established by the audit and risk committee determines the Council and its responsibilities. It is accountable to the committee for assurance over internal controls. Internal Audit is an outsourced function and carries with it the objectivity and authority necessary for internal audit to meet its objectives.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is established in terms of best practice, and its primary functions can be summarised as follows:

To assist the Accounting Authority of the SHRA in fulfilling its oversight responsibility by reviewing:

- The financial reports and other financial information provided by the SHRA to any governmental body or the public.
- The SHRA's systems of internal controls regarding finance, accounting, supply chain, legal compliance, and ethics management.
- The SHRA's IT Strategy, Charter and Governance framework and provide oversight for IT expenditure.
- The SHRA's auditing, accounting, financial reporting, and IT processes.

The table below discloses relevant information on the audit committee members:

Table 14: Members of the Audit Committee.

| Name | Qualifications | Internal or External | Date Appointed | Date Resigned | Meetings Attended for the Financial Year |
|--|---|---------------------------------|------------------|---------------|--|
| Current Composition - February to March 2025 | | | | | |
| Z Tshabalala | Experts (MBA) Post Graduate Diploma Business Administration BCom | External and non-Council member | 26 November 2021 | Current | 5 (from April 2024 to March 2025) |
| R Rapotu | Masters in Civil and Environmental Engineering Masters in Business Administration B (Eng) Civil | External | 13 February 2025 | Current | – |
| X Mulamula | Doctor of Philosophy Master of Management (Governance) Master of Business Leadership (MBL) Post Graduate Diploma in Business Administration Certificate in Public Management and Leadership CIS: Governance and Administration 1 to 3 Entrepreneurship: Launching an innovative business specialisation | External | 13 February 2025 | Current | – |
| N Sengani | National Diploma in Civil Engineering Bachelor of Earth Sciences in Hydrology and Water Resources Certificate Programme in Business Project Management Certificate Programme in Municipal Finance | External | 13 February 2025 | Current | – |
| K Mokoena | BSc in Agriculture (Horticulture) MSc Horticulture Certified Diploma in Accounting and Finance | External | 13 February 2025 | Current | – |
| Former Composition - April 2024 to November 2024 | | | | | |
| Z Tshabalala | Masters (MBA) Post Graduate Diploma Business Administration BCom | External and non-Council member | 26 November 2021 | Current | 5 (from April 2024 to March 2025) |

| Name | Qualifications | Internal or External | Date Appointed | Date Resigned | Meetings Attended for the Financial Year |
|--|--|----------------------|------------------|------------------|--|
| Former Composition - April 2024 to November 2024 | | | | | |
| B Nzo | BSC Quantity Survey Programme for Leadership Development Property Development Programme | External | 26 November 2021 | 25 November 2024 | 5 |
| S Masiza | BCom Honours Statistics Certification in Investment Analysis and Portfolio Management Master of Science (Financial Economics) Compliance Certificate (Short-Term Programme) Programme in Short-Term Insurance | External | 26 November 2021 | 25 November 2024 | 3 |
| A Olifant | Masters in Business Administration Post Graduate Diploma in Digital Business Chartered Financial Analyst Certificate Course in Competition Law Masters in Commerce BSC Economics (Honours) | External | 26 November 2021 | 25 November 2024 | 4 |

COMPLIANCE WITH LAWS AND REGULATIONS

Section 51(1)(h) of the PFMA compels the council to comply and ensure compliance by the institutions with the provisions of the PFMA, and other relevant legislative prescripts.

The Audit and Risk committee reviews the institution's compliance with legal and regulatory provisions. During 2024/25 financial year, the SHRA commenced with the compilation of a compliance universe and prioritised the following legislative prescripts that the SHRA is required to comply with:

- Basic Conditions of Employment Act 75 of 1997
- Employment Equity Act 55 of 1998
- Housing Act 107 of 1997
- Preferential Procurement Policy Framework Act 5 of 2000
- Promotion of Access to Information Act 2 of 2000
- Promotion of Administrative Justice Act 3 of 2000

- Rental Housing Act 50 of 1999
- Social Housing Act 16 of 2008
- Broad-Based Black Economic Empowerment Act 53 of 2003 and 2013 Code
- Public Finance Management Act 1 of 1999
- Unemployment Insurance Act 63 of 2001
- Occupational Health and Safety Act 85 of 1993
- Electronic Communications and Transactions Act 25 of 2002
- Labour Relations Act 66 of 1995
- Cybercrimes Act 19 of 2020

This compliance universe has remained unchanged in the 2024/25 financial year.

FRAUD AND CORRUPTION

Significant progress has been made in implementing the fraud prevention plan, enhancing good corporate governance. The Audit and Risk Committee oversees the strategy, reporting regularly to the council. Disciplinary processes are being enhanced, with regular updates provided to the committee and council.

In addition to the fraud prevention plan and strategy, the SHRA has a Fraud and Corruption Prevention Policy, as well as a Whistle Blower Policy. Whistle blowers make use of a dedicated and independently managed fraud hotline to report allegations of fraud and corruption. Reports emanating from the fraud hotline are monitored on a quarterly basis by the designated governance structures of the entity – Audit and Risk and Social and Ethics.

MINIMISING CONFLICT OF INTEREST

Council members are required to declare conflicts of interest in relation to items of business at the commencement of all Council and committee meetings, or as soon as the Council member becomes aware of such conflict or potential conflict. Council members are required to recuse themselves from discussion or decisions on matters in which they have a conflict of interest.

Furthermore, Council members and the staff of SHRA, are required to confirm their financial, economic, and related party interests annually. Council members and staff are required to notify the company secretary of any significant changes.

CODE OF CONDUCT

The SHRA has an approved Code of Ethics and Conduct which regulates the conduct and behaviour of SHRA Council, staff, and stakeholders. The SHRA applies its Code of Ethics and Conduct quite firmly, and any breach of the Code is dealt with in line with the applicable policies.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The SHRA has an approved Health and Safety Policy and has also established a Health and Safety Committee that reports to the Executive Committee on a quarterly basis. The Committee has ensured continuous adherence to the applicable health and safety laws and regulations.

COMPANY SECRETARY

The Company Secretary provides professional corporate governance services to the organisation. The Company Secretary ensures that Council procedures, regulations and governance codes are adhered to. As and when it is appropriate, the Company Secretary provides guidance to Council members on governance, compliance, and their fiduciary responsibilities. The Company Secretary engages regularly with executive management and collaborates closely with the Chairperson.

SOCIAL RESPONSIBILITY

The Social and Ethics Committee has been established in line with the King IV principles, which set out the ethical commitments and performance that lay the foundation for a socially responsible entity.

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2025.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

THE EFFECTIVENESS OF INTERNAL CONTROL

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted on the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was completed during the year under review:

- Follow Up Review – Governance and Risk Management
- Sector Development & Transformation
- Review of the Strategic Plan and Annual Performance Plan
- Follow Up on External Audit Findings
- Human Resource Management
- Supply Chain and Expenditure Management
- Performance Information (Performance against Objectives) (2024/2025)
- Review of Compliance Checklist (2024/2025)

The following were areas of concern:

- Supply Chain Management–Major Improvement Needed
- Review of the Draft APP–Some Improvement Needed
- AOPO Q3–Some Improvement Needed
- AOPO Q4–Some Improvement needed
- Follow Up Review EA Findings– Only 44% fully addressed
- Follow up Governance & Risk–Only 24% fully addressed
- Human Resources–Some Improvement Needed

IN-YEAR MANAGEMENT AND MONTHLY/ QUARTERLY REPORT.

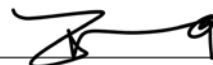
The public entity has submitted monthly and quarterly reports to the Executive Authority.

EVALUATION OF FINANCIAL STATEMENTS

We have reviewed the annual financial statements prepared by the public entity.

AUDITOR'S REPORT

The Audit Committee concurs and accepts the conclusion of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



Ms. Zelda Tshabalala

Chairperson of the Audit Committee
Social Housing Regulatory Authority

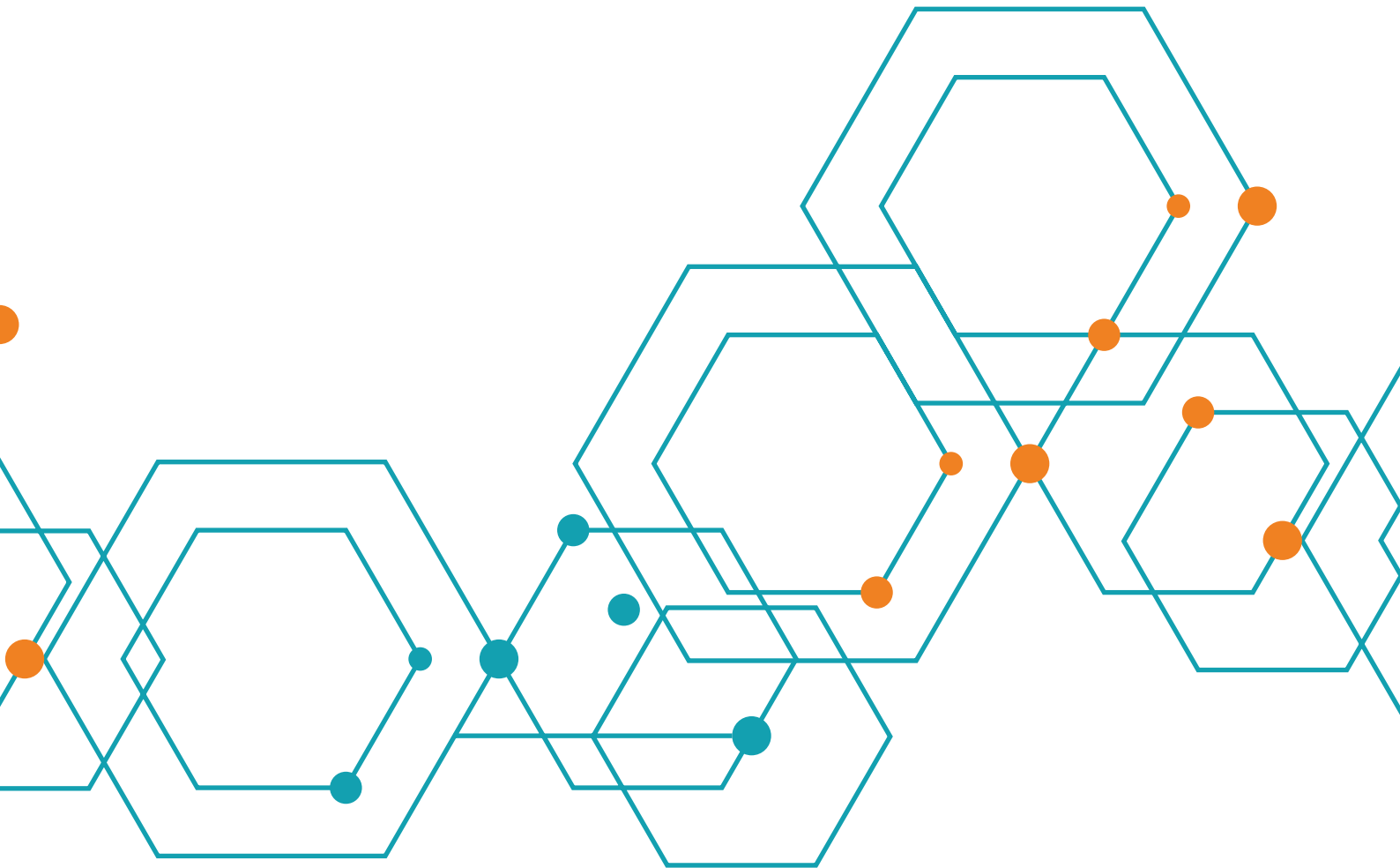
Date:

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Table 15: B-BBEE compliance

| Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1-8) with regards to the following: | | |
|---|-----------------|---|
| Criteria | Response Yes/No | Discussion |
| Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law? | No | The SHRA accredits institutions to deliver Social Housing in terms of the Social Housing Act and Regulations which include the minimum investment criteria. |
| Developing and implementing a preferential procurement policy? | Yes | Preferential Policy under review to align to the new PPPFA regulations that came into effect on 16 January 2023. |
| Determining qualification criteria for the sale of state-owned enterprises? | No | No plans to sell off any assets currently. |
| Developing criteria for entering partnerships with the private sector? | No | Normal procurement processes followed no plans to enter PPPs. |
| Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment? | No | The SHRA encourages the accreditation of social housing delivery agents and awarding of capital grants to entities that have demonstrated transformation and B-BBEE credentials. This is provisioned through the Annual Performance Plan such that awarding of contracts to entities that are majority-Black owned. |



PART D



HUMAN RESOURCE MANAGEMENT

Introduction

Human Resources play a key role in helping an organisation to achieve its goals and objectives. As such, the SHRA recognises its staff as being fundamental to its overall success. The SHRA HR Unit contributes directly to the first outcome of the SHRA's outcome indicators and five-year targets of the SHRA 2020-2025 Strategic Plan, i.e.: a functional, efficient and integrated government.

The SHRA HR Unit supports business through the implementation of the HR Operational Plan in the following areas:

- Transformation and diversity
- Organisational culture and values
- Talent acquisition
- Leadership development
- Learning and development
- Remuneration and reward
- Performance management
- HR policies and procedures
- Staff wellness and engagement
- HR statutory compliance and governance
- Organisational design

Set HR priorities for the year under review and the impact of these priorities

The HR priorities for the year under review were closely linked to the SHRA's strategic and annual performance plans to enable the SHRA to deliver on its mandates.

Changes to the core operating frameworks in the Compliance, Accreditation and Regulation (CAR) programme necessitated a review of the Project Development & Funding (PD&F) framework. Given the inter-related nature of the various changes and HR processes, an Organisational Design (OD) exercise was embarked on to determine if the entity is structurally geared to deliver on its mandate and support any motivations for structural amendments. A proposed fit for purpose structure was however not approved for implementation due to financial constraints. The SHRA will review the current organogram for fit for purpose and implementation of the current corporate strategic plan in the next financial year.

The SHRA recognises the importance of having a change management strategy and implementation plan to assist and empower employees and management in how to adapt, manage and control change. Given the changes within and around the SHRA, the SHRA has embarked on a change management project to enhance performance of the entity and ensure that the entity supports the social housing sector as is mandated in the Social Housing Act.

Apart from the above, other areas of focus in the HR unit were:

- Reviewing current and developing new HR Policies and Procedures
- Continuous coaching, guidance, and support on HR policies and procedures
- Recruiting for critical vacancies
- Ensuring sound employee relations

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

The SHRA acknowledges that without our staff we cannot achieve any of our objectives. All recruitment initiatives are therefore focused on ensuring that individuals with the relevant knowledge, experience, qualifications, competencies, and potential are appointed in the SHRA; and ensuring that all recruitment practices are aligned to the relevant legislative requirements and best practises.

During the period under review, ten vacancies were concluded. The SHRA has appointed eleven interns during this financial year.

In anticipation of the review of the organisational structure and due to budget constraints, recruitment for certain vacancies did not take place during the reporting period.

Unfortunately, the SHRA lost three executives during this reporting period and recruitment for the CEO and Corporate Service Manager could not proceed due to pending legal proceeding.

The SHRA believes that all its employees have the potential to grow, both in their work role and personally, and it shall endeavour to provide opportunities for growth and personal development as far as reasonably possible. It considers it appropriate to base its training

and development opportunities on the requirements of the business, and decisions about investment in staff training and development are made accordingly.

The SHRA implemented a succession plan for identified critical positions. The succession pool was identified, and development initiatives were identified to be implemented in the next financial year.

Employee Performance Management Framework

The SHRA uses a balanced scorecard approach as a basis for managing performance. This is to ensure that alignment is achieved in terms of the vision, mission and strategy across the whole organisation and the performance behaviours of all employees. Outputs are cascaded from the top down as a direct interpretation of the SHRA strategic plan, the Annual Performance Plan, operational plans, job profiles and the goals that are to be achieved.

The automation of the performance management system was undertaken with final implemented in the 2025/26 financial year.

Employee Wellness Programmes

The SHRA has an external employee wellness service provider, i.e., Independent Counselling and Advisory Services (ICAS). ICAS is a reputable employee wellness service provider with a national footprint. Their services include counselling, trauma debriefing, emotional support, health support, financial planning support, bereavement and legal support for staff and their dependants. Their feedback in terms of problems identified and trends are used for input into wellness and training interventions. The Employee Wellness Programme (EWP) encourages self-referral, by employees to seek help for personal problems voluntarily and confidentiality is a cornerstone of the EWP.

During this reporting period, the SHRA hosted a health day and a mental health awareness session.

Policy Development

The SHRA continuously reviews its policies to ensure alignment with applicable legislation and best practices. During the period under review all HR Policies (a total of 26 policies) and the employment contract were reviewed by an independent Legal Service Provider to ensure legislative compliance.

Challenges faced by the public entity

The operational budget was inadequate to allow for funding for certain key positions. These vacancies continue to hinder the SHRA's performance. These budget constraints also impacted on the successful implementation of the recently reviewed operational frameworks. The budget constraints have also led to

internal capacity challenges. This in turn contributed to an increase in burnout, poor work-life balance and mental health problems.

The vacant executive positions created a bit of instability within the entity and recruitment will proceed with high priority once recruitment is approved.

Future HR plans/goals

Human Resources plans/goals for the next financial year are aligned with the SHRA Strategic- and Annual Performance Plan. These include current and future projects:

- Review the organogram for fit for purpose and implementation of the current corporate strategic plan.
- Recruitment of critical vacancies.
- Continue with a change management initiative in support of building a high-performing organisation.
- Embedding the organisational values.
- Identify and implement training initiatives for Executives and middle management.
- Implement staff wellness initiatives focusing on opportunities for physical, mental, and financial health and encouraging work/life balance.
- Identify and implement relevant HR artificial intelligence and automation.

Human Resource Oversight Statistics

Personnel related expenditure

Table 16: Personnel cost by programme.

| Programme | Total Expenditure for the entity (R'000) | Personnel Expenditure (R'000) | Personnel exp. as a % of total exp. | No. of employees | Average personnel cost per employee (R'000) |
|--|--|-------------------------------|-------------------------------------|------------------|---|
| Administration Programme | 1 085 439 | 18 107 | 1.67% | 21 | 862 |
| Compliance Accreditation and Regulations (CAR) Programme | 1 085 439 | 9 301 | 0.86% | 8 | 1 162 |
| Sector Development and Transformation (SD&T) Programme | 1 085 439 | 4 788 | 0.44% | 3 | 1 596 |
| Project Development and Funding (PD&F) Programme | 1 085 439 | 6 901 | 0.64% | 9 | 767 |

*A total of 21 interns are included in this calculation, which might impact the calculations negatively due to the stipend paid that is lower than normal salaries.

Table 17: Personnel cost by level.

| Level | Personnel Expenditure (R'000) | % of personnel exp. to total personnel cost | No. of employees | Average personnel cost per employee (R'000) |
|------------------------|-------------------------------|---|------------------|---|
| Top Management | – | 0.00% | 0 | |
| Senior Management | 4 952 | 14.30% | 3 | 1 651 |
| Professional Qualified | 15 539 | 44.86% | 16 | 971 |
| Skilled | 9 859 | 28.46% | 17 | 580 |
| Semi-Skilled | 1 371 | 3.96% | 5 | 274 |
| Unskilled | 2 917 | 8.42% | 21 | 139 |
| TOTAL | 34 638 | 100% | 62 | 559 |

Performance Rewards

Following the National Treasury guidelines to government departments and public entities on compensation management that entities are expected to not budget for salary increases and performance bonuses as mentioned earlier, the SHRA has not paid any performance rewards during this financial year.

Training and Development

Table 18: Training costs.

| Programme | Personnel Expenditure (R'000) | Training Expenditure (R'000) | Training Expenditure as a % of Personnel Cost. | No. of employees trained | Average training cost per employee |
|----------------|-------------------------------|------------------------------|--|--------------------------|------------------------------------|
| Administration | 39 097 | 1 356 | 3.53% | 37 | 37 324 |

Employment and Vacancies

Table 19: Employment and Vacancies.

| Programme | 2024/25 Approved Posts | 2024/25 No. of Employees | 2024/25 Vacancies | % of vacancies |
|--|------------------------------|--------------------------------|----------------------|----------------|
| Administration | 28 | 20 | 8 | 53.33% |
| Compliance Accreditation and Regulations | 12 | 9 | 3 | 20% |
| Sector Development and Transformation | 4 | 3 | 1 | 6.67% |
| Project Development and Funding | 9 | 9 | 0 | 0 |
| Precinct Development | 3 | 0 | 0 | 20% |
| Total | 56 | 41 | 15 | 20% |

Table 20: Positions by level.

| Level | 2024/25 Approved Posts | 2024/25 No. of Employees | 2024/25 Vacancies | % of vacancies |
|------------------------|------------------------------|--------------------------------|----------------------|----------------|
| Top Management | 2 | 0 | 2 | 13.33% |
| Senior Management | 5 | 3 | 2 | 13.33% |
| Professional Qualified | 25 | 17 | 8 | 53.33% |
| Skilled | 18 | 16 | 2 | 13.33% |
| Semi-Skilled | 6 | 5 | 1 | 6.67% |
| Unskilled | 0 | 0 | 0 | 0 |
| TOTAL | 56 | 41 | 15 | 16.67 |

Employment Changes

Turnover rates provide an indication of trends in employment profile of the public entity.

Table 21: Employment changes.

| Level | Employment at beginning of period | Appointments | Terminations | Employment at end of the period |
|------------------------|--------------------------------------|--------------|--------------|------------------------------------|
| Top Management | 2 | 0 | 2 | 0 |
| Senior Management | 3 | 1 | 1 | 3 |
| Professional Qualified | 20 | 4 | 7 | 17 |
| Skilled | 15 | 6 | 5 | 16 |
| Semi-Skilled | 6 | 0 | 1 | 5 |
| Unskilled | 0 | 0 | 0 | 0 |
| Total | 46 | 10 | 16 | 41 |

Reasons for Staff Leaving

Table 22: Reasons for staff leaving.

| Reason | Number | % of total no. of staff leaving |
|-------------------------------------|-----------|---------------------------------|
| Resignations - Career Development | 10 | 58.8% |
| Termination due to probation period | 2 | 11.76% |
| Deceased | 2 | 11.76% |
| End of contract | 2 | 11.76% |
| Total | 16 | 23.52% |

During the review period, there were eleven resignations. Most of these resignations were attributed to career development. Given that we are a small entity with a flat organisational structure, opportunities for career progression are inherently limited.

Labour Relations: Misconduct and Disciplinary Action

Table 23: Labour Relations Statistics 2024/25.

| Nature of Disciplinary Action | Number |
|-------------------------------|------------------------------------|
| Verbal Warning | No action for period under review. |
| Written Warning | No action for period under review. |
| Final Written warning | No action for period under review. |
| Dismissal | 2 |

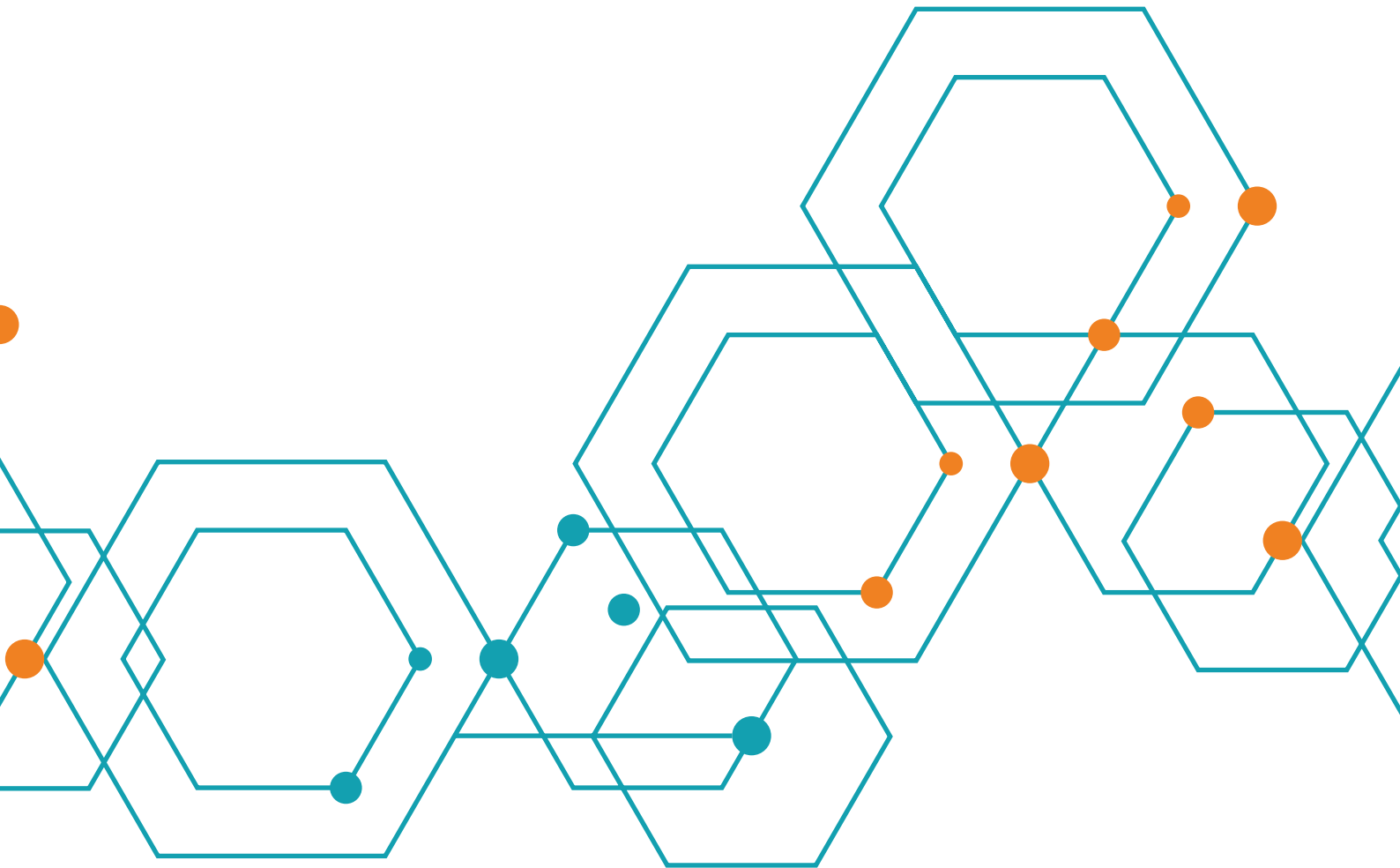
Equity Target and Employment Equity Status

Table 24: Employment Equity 2024/25.

| Levels | MALE | | | | | | | |
|------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 1 |
| Professional Qualified | 6 | 8 | 0 | 1 | 1 | 0 | 0 | 1 |
| Skilled | 4 | 8 | 0 | 0 | 0 | 2 | 0 | 0 |
| Semi-Skilled | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 13 | 21 | 0 | 1 | 1 | 2 | 0 | 2 |

| Levels | FEMALE | | | | | | | |
|------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 0 | 2 | 1 | 0 | 0 | 0 | 0 | 0 |
| Professional Qualified | 10 | 5 | 0 | 1 | 0 | 1 | 1 | 1 |
| Skilled | 11 | 12 | 0 | 2 | 1 | 3 | 0 | 0 |
| Semi-Skilled | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 24 | 22 | 1 | 3 | 1 | 4 | 1 | 1 |

| Levels | Disabled Staff | | | |
|------------------------|----------------|--------|---------|--------|
| | Male | | Female | |
| | Current | Target | Current | Target |
| Top Management | 0 | 0 | 0 | 0 |
| Senior Management | 0 | 0 | 0 | 0 |
| Professional Qualified | 0 | 0 | 0 | 0 |
| Skilled | 0 | 0 | 0 | 0 |
| Semi-Skilled | 0 | 0 | 0 | 0 |
| Unskilled | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 |



PART

E



PFMA COMPLIANCE REPORT

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

As per National Treasury instruction no. 4 of 2022/23, “PFMA compliance and reporting framework” and annual reporting guidelines for public entities, unauthorised expenditure and irregular and fruitless and wasteful expenditure is outlined in the table below.

Reconciliation of irregular expenditure

Table 25: Irregular expenditure.

| Description | 2024/25 | 2023/24 |
|--|----------|----------|
| | R'000 | R'000 |
| Irregular expenditure | | |
| Opening balance from the previous financial year | 0 | 0 |
| Add: Irregular expenditure | 0 | 0 |
| Closing balance | 0 | 0 |
| Reconciling notes: | | |
| Irregular expenditure that was under assessment in 2023/24 | – | – |
| Irregular expenditure that relates to 2022/23 and identified in 2023/24 | – | – |
| Irregular expenditure incurred | – | – |
| Total | 0 | 0 |
| Details of current and previous year irregular expenditure (under assessment, determination, and investigation) | | |
| Irregular expenditure under assessment | 0 | 0 |
| Irregular expenditure under determination | – | – |
| Irregular expenditure under investigation | – | – |
| Total | 0 | 0 |
| Details of current and previous year irregular expenditure condoned | | |
| Irregular expenditure condoned | – | – |
| Total | 0 | 0 |
| Details of current and previous year irregular expenditure removed (not condoned) | | |
| Irregular expenditure not condoned and removed | – | – |
| Total | 0 | 0 |
| Details of current and previous year irregular expenditure recovered | | |
| Irregular expenditure recovered | – | – |
| Total | – | – |

| Description | 2024/25 | 2023/24 |
|---|---------|---------|
| | R'000 | R'000 |
| Details of current and previous year irregular expenditure written off (irrecoverable) | | |
| Irregular expenditure written off | – | – |
| Total | – | – |
| Details of non-compliance cases where an institution participates in an inter-institutional arrangement (where such institution is not responsible for the non-compliance) | | |
| None | – | – |
| Total | – | – |
| Details of non-compliance cases where an institution participates in an inter-institutional arrangement (where such institution is responsible for the non-compliance) | | |
| None | – | – |
| Total | – | – |
| Details of current and previous year disciplinary or criminal steps taken because of irregular expenditure | | |
| None | – | – |
| Total | – | – |

The SHRA has not incurred any fruitless and wasteful expenditure nor any unauthorised expenditure for the 2024/25 financial year.

LATE AND/OR NON-PAYMENT OF SUPPLIERS

Table 26: Late payment of suppliers.

| Description | Number of invoices | % | Consolidated value |
|---|--------------------|---------|--------------------|
| | | | R'000 |
| Valid invoices paid | 907 | 100.00% | 50 038 |
| Invoices paid within 30 days or agreed period | 881 | 97.13% | 36 435 |
| Invoices paid after 30 days or agreed period | 26 | 2.87% | 848 |
| Invoices older than 30 days or agreed period (unpaid and without dispute) | 22 | 2.43% | 573 |
| Invoices older than 30 days or agreed period (unpaid and in dispute) | 4 | 0.44% | 274 |

Four of the 26 invoices that were paid late were delayed due to disputes with service providers: two on the deliverables and two on the submission of statements to go with the invoice. The remaining 22 invoices were paid late due to internal process failures. Seven invoices were sent to Finance between payment runs, six of these were from the same service provider and were late by two days and the other invoice was late by one day. For these seven invoices a special payment should have been requested. Four invoices were processed and submitted on time but were missed at Finance. Ten invoices were processed incorrectly by the administrator and had to be reprocessed and one invoice had an internal query for confirmation of the travel.

SUPPLY CHAIN MANAGEMENT

Procurement by other means

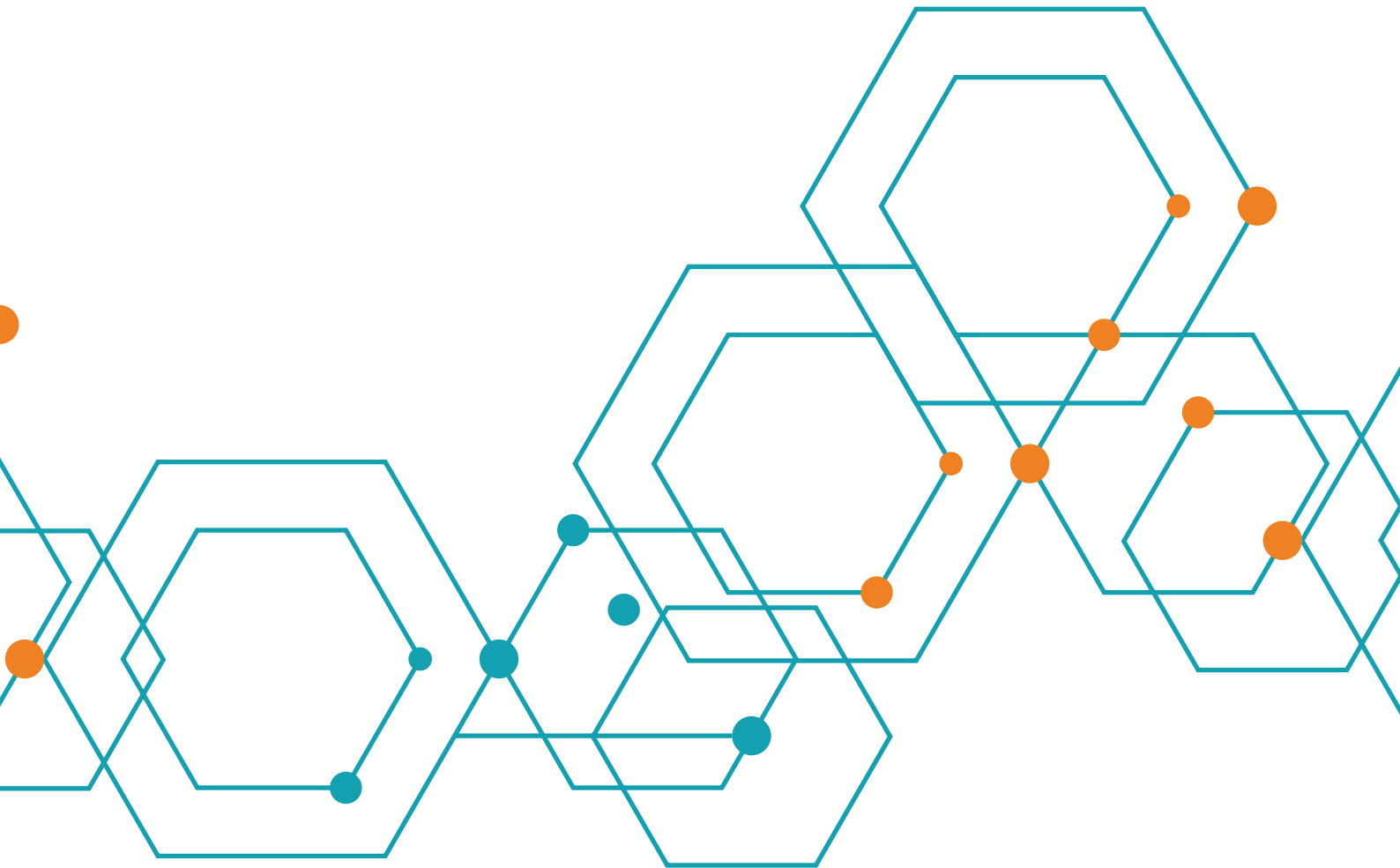
Table 27: Procurement by other means (Deviations).

| Project description | Name of supplier | Type of procurement by other means | Contract number | Value of contract (Rand) |
|--|------------------------------------|------------------------------------|-----------------|--------------------------|
| To provide licensing for the Financial System (Sage Evolution). | Sage South Africa | Single Source | N/A | 232 209 |
| Training and enhancements to the variation manual and calculator | KG Sharp Laboratories | Single Source | N/A | 367 600 |
| Executive Coaching | People SA Coaching Leadership | Single Source | N/A | 37 663 |
| TEC minute taking for the meeting of 1 March 2023 | Boardroom Brief (Pty) Ltd | Single Source | N/A | 6 750 |
| Barnowl license renewal | IDI Technology Solutions (Pty) Ltd | Single Source | N/A | 138 242 |
| Ethics training | The Ethics Institute | Single Source | N/A | 87 131 |
| Vyond Video Animation one-year subscription for the Marketing and Comms and SD&T unit | GoAnimate Inc | Single Source | N/A | 20 399 |
| Lexis ProcureCheck and Nexis Diligence | LexisNexis | Sole Source | N/A | 416 793 |
| Security services for Sondela | G3 Special Operations | Emergency | N/A | 159 909 |
| Legal firm to oppose an application | Nothemba George Attorneys | Emergency | N/A | 500 000 |
| Urgent appointment of a legal firm to deal with a labour related matter | MM Baloyi Inc | Single Source | N/A | 500 000 |
| Exhibition Stand at the Residential Investment and Development Conference place on 17 and 18 July 2024 | Commerce Edge South Africa | Single Source | N/A | 35 000 |
| Alarm response system | ADT Security | Single Source | N/A | 13 172 |
| Car tracking | Tracker Connect | Single Source | N/A | 5 400 |
| Continuation of security services at Sondela | APM Security Solutions | Single Source | N/A | 291 525 |
| Continuation of services for Sophos license renewal | Exeligent Technologies | Single Source | N/A | 217 334 |
| Urgent provision of receptionist services | Fempower Personnel | Single Source | N/A | R2 760 |
| Continuation of security services at Sondela | APM Security Solutions | Single Source | N/A | 165 198 |
| Risk Management training | IRMSA | Single Source | N/A | 206 402 |
| The transfer of Microsoft Azure services from the previous MSP to the new MSP | Exeligent Technologies | Single Source | N/A | 925 143 |
| To migrate data from the file server to SharePoint Online | Exeligent Technologies | Single Source | N/A | 63 914 |
| To provide comprehensive planning, execution, and post-migration support for the SHRA Switch Migration Project | Exeligent Technologies | Single Source | N/A | 14 720 |

| Project description | Name of supplier | Type of procurement by other means | Contract number | Value of contract (Rand) |
|---|---|------------------------------------|-----------------|--------------------------|
| To provide additional services for IT Manager | Exeligent Technologies | Single Source | N/A | 530 655 |
| To provide backup solutions for the data stored on SharePoint and Microsoft 365 | Exeligent Technologies | Single Source | N/A | 469 627 |
| To provide five turnstile 24v power supply with battery backup 1 1,430.00 1,430.00 BATT – 12V 7AH Securi-Prod SLA F1 4.8mm Terminal | Active Motion | Single Source | N/A | 5 376 |
| Managed service provider to provide core ICT services to the SHRA for a thirty-six (36) month period | Jec Technologies | Variation / Expansion | N/A | 824 723 |
| Provision of Secretarial services | IKB Secretaries | Variation / Expansion | N/A | 364 320 |
| Provision of pre-accreditation support to two SHI Pre grant recipients | Centaur and Partners (Pty) Ltd | Variation / Reduction | N/A | - 95 680 |
| Provision of pre-accreditation support to two SHI Pre grant recipients | Impact Institute Consultancy Services (Pty) Ltd | Variation / Expansion | N/A | 80 500 |
| Internal audit services to the SHRA for a period of three (3) years | OMA Chartered Accountants | Variation / Expansion | N/A | 421 869 |
| Total | | | | 6 411 052 |

Contract variations and expansions

There were four contract variations, three contract extensions/expansions and one reduction in contract value.



PART

F



ANNUAL FINANCIAL STATEMENTS

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

General Information

| | |
|---|---|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | Regulation of the social housing sector |
| Members | Ms P Mogotsi-Thobejane (Chairperson from 25 March 2024) Mr J Maboja Mr K Kiewitz Ms A Olifant Mr J Makgonye Dr S Beukes Ms K Mokoena Mr N Sengani Dr X Mulamula Ms L Mjobo Ms R Rapotu Mr T Makofane |
| Registered office | Sunnyside Office Park Sentinel House 3rd Floor 32 Princess of Wales Terrace Parktown Johannesburg 2193 |
| Postal address | Postnet Suite 240 Private Bag X 30500 Houghton 2041 |
| Bankers | First National Bank Limited Corporation for Public Deposits with South African Reserve Bank |
| Auditors | RAIN Chartered Accountants Incorporated Registered Auditors |
| Company Secretary | FluidRock and IKB Secretaries |
| Preparer | The audited annual financial statements were independently compiled by: RBCA & Associates Chartered Accountants (SA) |
| Authorised by | Mr V Fakudze Acting Corporate Services Manager |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

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| Council's Report | 88 – 96 |
| Statement of Financial Position | 97 |
| Statement of Financial Performance | 98 |
| Statement of Changes in Net Assets | 99 |
| Cash Flow Statement | 100 |
| Statement of Comparison of Budget and Actual Amounts | 101 |
| Accounting Policies | 102 – 109 |
| Notes to the Audited Annual Financial Statements | 110 – 130 |
| The following supplementary information does not form part of the annual financial statements and is unaudited: | |
| Supplementary information: Detailed Income Statement | 131 |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Report of the Council's Responsibilities

The members are required by the Public Finance Management Act (Act 1 of 1999) to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the audited annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the audited annual financial statements and were given unrestricted access to all financial records and related data.

The audited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations guidelines and directives issued by the Accounting Standards Board.

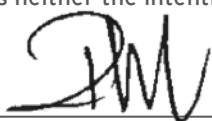
The audited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Council has fulfilled its responsibilities in accordance with section 51 of the Public Finance Management Act and section 11(2)(b) of the Social Housing Act. The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities the Council sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying assessing managing and monitoring all known forms of risk across the entity. While operational risks cannot be fully eliminated the entity endeavours to minimise it by ensuring that appropriate infrastructure controls systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements. However any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2026 and in the light of this review and the current financial position they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the National Department of Human Settlements for funding of operations. The audited annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.



Ms. P Mogotsi-Thobejane
Chairperson

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2025.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least four times per annum as per its approved terms of reference. During the 2025 financial year, the Audit and Risk Committee held three ordinary meetings. No meetings were held between the end of the outgoing members' term and the appointment of new members up to 31 March 2025 due to governance transition.

| Name of member | Number of meetings attended |
|--------------------------------------|---|
| Ms Z Tshabalala (Independent member) | 5 (Chairperson from 1 August 2023) |
| Ms A Olifant | 4 (Reappointment from 13 February 2025) |
| Ms B Nzo | 5 (Term ended 25 November 2024) |
| Ms L Malema | 0 (Term ended 25 November 2024) |
| Ms S Masiza | 3 (Term ended 25 November 2024) |
| Ms Q Gungubele | 0 (Term ended 25 November 2024) |
| Ms K Mokoena | 0 (Appointed 13 February 2025) |
| Dr X Mulamula | 0 (Appointed 13 February 2025) |
| Ms R Rapotu | 0 (Appointed 13 February 2025) |
| Mr N Sengani | 0 (Appointed 13 February 2025) |

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

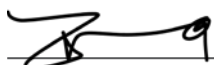
The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA, Internal Audit provides the audit committee and management with reasonable assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the audited annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations thereof. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

Evaluation of audited annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report for submission to Council.



Ms. Zelda Tshabalala

Chairperson of the Audit and Risk Committee



INDEPENDENT AUDITOR'S REPORT

To the Parliament on the Social Housing Regulatory Authority (SHRA)

Report on the audit of the financial statements

OPINION

We have audited the financial statements of the Social Housing Regulatory Authority (SHRA) set out on pages 97 to 130, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Social Housing Regulatory Authority as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Principles (GRAP) and the requirements of the Public Finance Management Act.

BASIS FOR OPINION

Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error, and they are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Our determination of materiality is a matter of professional judgement and is affected by our perception and understanding of the financial information needs of intended users, which are the quantitative and qualitative factors that determine the level at which relevant decisions taken by users would be affected by a misstatement.

These factors helped us to determine the scope of our audit and the nature, timing, and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate financial statements as a whole.

Based on our professional judgement, we determined final materiality for the financial statements as follows:

| Final materiality amount | R 18.1 million |
|-----------------------------------|--|
| Basis for determining materiality | 2% of Expenses, as disclosed on page 19 to the financial statements. |

Responsibilities of accounting authority for the financial statements

The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the Public Finance Management Act 1 of 1999 and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting authority is responsible for assessing the SHRA's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the accounting authority either intends to liquidate the SHRA or to cease operations or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

We selected the following programme presented in the annual performance report for the year ended 31 March 2025 for auditing. We selected a programme that measures the SHRA's performance on its primary mandated functions and that is of significant national, community, or public interest.

| Programme | Page numbers | Purpose |
|---|--------------|---|
| Programme 4 - Project Development and Funding | 38 – 41 | The purpose of Programme 4: Project Development and Funding is to facilitate the delivery of social housing units through optimal investment and management of the consolidated capital grant, effective deal-making, partnerships management (provinces, municipalities, other government institutions, funders, and financiers), and transformation of the Construction Sector. |

We evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the SHRA's planning and delivery of its mandate and objectives.

We performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the SHRA's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the SHRA's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable, so that we can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time-bound, and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance, as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets

We performed the procedures for the purpose of reporting material findings only, and not to express an assurance opinion or conclusion.

We did not identify any material findings on the reported performance information for the selected programme.

Other matter

We draw attention to the matter below.

Achievement of planned targets

The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements.

Report on compliance with legislation

In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management, and other related matters. The accounting authority is responsible for the SHRA's compliance with legislation.

We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the SHRA, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

We did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the council report, the audit committee's report, other information that does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported on in this auditor's report.

Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information, and we do not express an audit opinion or any form of assurance conclusion on it.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

We considered internal control relevant to our audit of the financial statements, annual performance report, and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. We did not identify any significant deficiencies in internal control.

Audit tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that RAIⁿ Chartered Accountants Inc. has been the auditor of Social Housing Regulatory Authority for three years.



RAIⁿ Chartered Accountants Incorporated
Chartered Accountants (S.A.)
Registered Auditor
Per: I.E. Pierce
Johannesburg

Date: 29 July 2025

Annexure to the auditor's report

The annexure includes the following:

- the auditor's responsibility for the audit;
- the selected legislative requirements for compliance testing.

Auditor's responsibilities for the audit:

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements and the procedures performed on reported performance information for selected programme and on the SHRA's compliance with selected requirements in key legislation.

Financial statements

In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SHRA's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the SHRA to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause the SHRA to cease operating as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|--|---|
| Public Finance Management Act No. 1 of 1999 (PFMA) | Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c); 66(5) |
| Preferential Procurement Policy Framework Act 5 of 2000 and regulations and instructions issued in terms of the act. | Section 2.1(a); 2.1(b); 2.1(f) |
| Practice note 7 of 2009/10 | Paragraph 4.1.2 |
| Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR) | Regulation 8.2.1; 8.2.2 Regulation 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(b); 16A 6.3(c); 16A6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A8.2 (1) and (2); 16A 8.3; 16A8.3(d); 16A 8.4; 16A9; 16A9.1 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A9.2; 16A 9.2(a)(ii); 16A9.2(a)(ii) Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Regulation 31.1.2(c); 31.2.5; 31.2.7(a) Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c) Regulation 33.1.1; 33.1.3 |
| PPR 2017 | Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 11.2 Paragraph 12.1 and 12.2 |
| PPR 2022 | Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4 |
| National Treasury Instruction No.1 of 2015/16 | Paragraph 3.1; 4.1; 4.2 |
| NT instruction note 4 of 2015/16 | Paragraph 3.4 |
| NT SCM Instruction Note 11 2020/21 | Paragraph 3.1; 3.4(b); 3.9 |

| Legislation | Sections or regulations |
|---------------------------------------|---|
| Second amendment of NTI 05 of 2020/21 | Paragraph 4.8; 4.9; 5.1; 5.3 |
| NT SCM Instruction Note 03 2021/22 | Paragraph 4.3; 4.4 (a); 4.4(c); 4.4(d) Paragraph 5.4 |
| NT SCM Instruction note 2 of 2021/22 | Paragraph 3.2.1; 3.2.4(a); 3.3.1 |
| NT instruction note 1 of 2021/22 | Paragraph 4.1 |
| Erratum NTI 5 of 2020/21 | Paragraph 1 Paragraph 2 |
| Public service regulation | Public service regulation 18; 18 (1) and (2); |
| PRECCA | Section 34(1) |
| CIDB Act | Section 18(1) |
| CIDB Regulations | CIDB regulation 17 & 25(7A) |
| Social Housing Act no 16 of 2008 | All sections applicable |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Council's Report

The members submit their report for the year ended 31 March 2025.

1. Review of activities

Main business and operations

The Social Housing Regulatory Authority was established in terms of Section 7 of Chapter 3 of Social Housing Act 2008 and is also listed as a Schedule 3A public entity in terms of Public Finance Management Act No. 1 of 1999 as amended (PFMA). The Council is appointed in terms of Section 9 of the Social Housing Act and as the Accounting Authority in terms of the PFMA.

The entity is the sole regulatory authority in social housing countrywide and is therefore an autonomous statutory organisation established to ensure the sustainability and growth of the social housing rental sector in line with the government's objectives by investing in and regulating the social housing sector as well as providing guidance to the sector.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

The audited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities contingent obligations and commitments will occur in the ordinary course of business.

The Social Housing Regulatory Authority is currently working closely with the National Department of Human Settlements to effectively align its mandate and delivery in line with the targets set out in the Medium-Term Strategic Framework 2019–2024 therefore the continued operation of the entity as a going concern is intact for the foreseeable future. In addition there is no indication from the National Department of Human Settlements to terminate or vary the Medium-Term Strategic Framework approved fund allocation. There are engagements currently underway to address the MTEF funding of the commitments as contained in note 20.

3. Subsequent events

There are no subsequent events between the reporting date and the date financial statements were authorised for issue that require adjustments or disclosure in the financial statements.

4. Council's interest in contracts

All council members are required to declare all interests to the Executive Authority in line with the Shareholders Compact Agreement. Declaration of interest registers are signed at the commencement of each Council and Council committee meeting. Any instances of potential interest were reported accordingly.

5. Accounting policies

The annual financial statements for the year ended 31 March 2025 were prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), the PFMA and its regulations, directives and interpretations issued by the Accounting Standards Board.

6. Non-current assets

There were no major changes in the nature of non-current assets of the entity during the year. There were no changes in the policy relating to the use of non-current assets during the year.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Council's Report

7. Council Members

The members of the entity during the year and to the date of this report are as follows:

| Name | Nationality | Changes |
|--|---------------|--|
| Non-Executive Members Current Members | | |
| Ms P Mogotsi-Thobejane (Chairperson) | South African | Chairperson |
| Dr S Beukes | South African | Appointed 13 January 2025 |
| Mr K Kiewitz | South African | Reappointed from 13 January 2025 |
| Mr J Maboja | South African | Reappointed from 13 January 2025 |
| Mr J Makgonye | South African | Appointed 13 January 2025 |
| Mr T Makofane | South African | Appointed 25 February 2025 |
| Ms L Mjobo | South African | Appointed 13 January 2025 |
| Ms K Mokoena | South African | Appointed 13 January 2025 |
| Dr X Mulamula | South African | Appointed 13 January 2025 |
| Ms A Olifant | South African | Reappointed from 13 January 2025 |
| Mr N Sengani | South African | Appointed 13 January 2025 |
| Ms R Rapotu | South African | Appointed 13 January 2025 |
| Former Members | | |
| Ms Q Gungubele | South African | Term ended 25 November 2024 |
| Prof M Radebe | South African | Term ended 25 November 2024 |
| Ms L Malema | South African | Term ended 25 November 2024 |
| Ms S Masiza | South African | Term ended 25 November 2024 |
| Ms B Nzo | South African | Term ended 25 November 2024 |
| Mr J Khawe | South African | Term ended 25 November 2024 |
| Independent-members invited to meetings | | |
| Ms Z Tshabalala | South African | |
| Executive Members | | |
| Ms S Luthuli (Chief Executive Officer) | South African | Terminated 31 July 2024 Mr L Letsoalo (Acting Chief Executive Officer) |
| Ms L Sithole (Corporate Services Manager) | South African | Mutual Separation 31 July 2024 Mr V Fakudze (Acting Corporate Service Manager) South African |
| Executive Managers | | |
| Mr D Koekemoer (Sector Development and Transformation Executive) | South African | Resigned 31 January 2025 |
| Mr TC Mafona (Acting Project Development and Funding Executive) | South African | Appointed 19 July 2024 |
| Mr L Letsoalo (Project Development and Funding Executive) | South African | Designated as Acting CEO from 18 July 2024 |
| Ms B Van Staden (Compliance Accreditation and Regulations Executive) | South African | |
| Mr V Fakudze (Chief Risk Officer) | South African | |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Council's Report

8. Council Members and Executive Managers Remuneration

| Operating expenses | Meeting fees | Travel expenses | Other activities* | Total package 2025 | Total package 2024 |
|--|------------------|-----------------|-------------------|--------------------|--------------------|
| Non-executive members | | | | | |
| Current Chairperson | | | | | |
| Ms P Mogotsi-Thobejane | 104 902 | 2 603 | 98 997 | 206 502 | 160 541 |
| | 104 902 | 2 603 | 98 997 | 206 502 | 160 541 |
| Non-executive members | | | | | |
| Former Members | | | | | |
| Ms L Malema | 94 924 | 2 885 | 38 665 | 136 474 | 163 644 |
| Ms S Masiza | 48 564 | 171 | 18 543 | 67 278 | 59 172 |
| Mr J Khawe | 83 328 | 5 854 | 28 787 | 117 969 | 113 523 |
| Ms Q Gungubele | 100 624 | 1 085 | 27 983 | 129 692 | 140 826 |
| Ms B Nzo | 80 940 | – | 26 972 | 107 912 | 337 141 |
| Prof M Radebe | 91 732 | 1 616 | 16 500 | 109 848 | 133 344 |
| Ms Z Hill | – | – | – | – | 16 188 |
| Ms YD Mbane | – | – | – | – | 61 368 |
| Mr A Latchu | – | – | – | – | 32 667 |
| Current Members | | | | | |
| Ms A Olifant | 121 493 | 285 | 42 398 | 164 175 | 181 881 |
| Mr J Maboja | 123 421 | 1 104 | 27 981 | 152 506 | 159 270 |
| Mr J Makgonye | 12 747 | 1 409 | 19 703 | 33 859 | – |
| Ms K Mokoena | 11 635 | 1 231 | 17 420 | 30 286 | – |
| Mr K Kiewitz | 104 659 | – | 45 406 | 150 065 | 140 277 |
| Ms L Mjobo | 12 309 | 8 317 | 15 845 | 36 471 | – |
| Mr N Sengani | 6 239 | 1 262 | 9 741 | 17 242 | – |
| Ms R Rapotu** | – | 2 943 | – | 2 943 | – |
| Dr S Beukes | 11 635 | – | 7 416 | 19 051 | – |
| Dr X Mulamula | 11 635 | – | 1 011 | 12 646 | – |
| Independent-members invited to meetings | | | | | |
| Ms Z Tshabalala | 227 138 | – | – | 227 138 | 232 517 |
| Ms P Sibiya | – | – | – | – | 151 426 |
| | 1 143 023 | 28 162 | 344 371 | 1 515 555 | 1 923 244 |
| Total Council members remuneration | 1 247 925 | 30 765 | 443 368 | 1 722 057 | 2 083 785 |

*Other activities includes attendance to project launches, training sessions, ministerial meetings and portfolio committees.

**Ms R Rapotu does not earn attendance fees for meetings or other activities because she is currently employed by a State Owned Entity (Eskom).

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Council's Report

Executives

| | Salary | Expense allowance | Other | Total package 2025 | Total package 2024 |
|---|-----------|-------------------|--------|--------------------|--------------------|
| Executive members | | | | | |
| Chief Executive Officer: Mr S Luthuli | 1 028 643 | 129 839 | 4 497 | 1 162 979 | 2 509 273 |
| Acting Chief Executive Officer (Appointed 18 July 2024): Mr L Letsoalo | 1 458 666 | 105 143 | 7 444 | 1 571 253 | – |
| Corporate Services Manager: Ms L Sithole | 1 035 612 | 45 859 | – | 1 081 471 | 1 178 800 |
| Acting Corporate Services Manager (Appointed 1 August 2024) Mr V Fakudze | 288 940 | – | 3 351 | 292 291 | 790 752 |
| | 3 811 861 | 280 841 | 15 292 | 4 107 994 | 4 478 825 |
| Executive managers | | | | | |
| Chief Risk Officer: Mr V Fakudze | 1 770 457 | 123 676 | – | 1 894 133 | 456 601 |
| Project Development & Funding Executive Mr L Letsoalo | 572 791 | 51 520 | – | 624 311 | 1 839 122 |
| Acting Project Development & Funding Executive Mr TC Mafona | 951 956 | 47 453 | – | 999 409 | – |
| Sector Development & Transformation Executive D Koekemoer | 1 452 433 | 105 323 | 3 060 | 1 560 816 | 1 652 545 |
| Compliance, Accreditation and Regulation Executive: Ms MM Nkopane | – | – | – | – | 1 743 834 |
| Compliance, Accreditation and Regulations Executive: Ms B Van Staden | 1 232 370 | 30 500 | – | 1 262 870 | 808 204 |
| | 5 980 007 | 358 472 | 3 060 | 6 341 539 | 6 500 306 |
| | 9 791 868 | 639 313 | 18 352 | 10 449 533 | 10 979 131 |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Council's Report

9. Corporate governance General

The Council is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment the Council supports the highest standards of corporate governance and the ongoing development of best practice.

Council members

The Council:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as pertaining to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive members all of whom are independent members as defined in the King Code; and
 - executive members.
- has established a Council continuity programme.

Chairperson and Chief Executive

The Chairperson of the Council is a non-executive and independent member.

The roles and responsibilities of the Chairperson of the Council and Chief Executive Officer are separate.

Remuneration

The upper limits of the remuneration of the Chief Executive Officer and the Corporate Services Manager, who are the only two executive members of the entity, are determined by the Council.

The Non-Executive Council members are remunerated as determined by the Minister in line with National Treasury tariffs.

Executive meetings

The Executive Committee is scheduled to meet fortnightly during the financial year.

Non-executive Council members have access to all members of management of the entity.

Audit and risk committee

The committee's main purpose is to ensure the appropriateness of financial reporting and audit process, and to oversee the maintenance of IT operations and risk management.

Project Development & Funding Committee

The committee oversees the Social Housing Investment Plan, ensuring adherence and compliance to the Capital Investment Plan and legislated investment criteria.

Compliance, Accreditation and Regulations Committee

The Committee has strategic responsibility of the Social Housing Regulatory Plan and ensuring compliance with that plan and the Social Housing Act. Furthermore, it has the responsibility of ensuring that there is compliance monitoring of all the reporting entities.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Council's Report

Human Resources and Remuneration Committee

The Committee has the responsibility to inform and ensure that management is provided with guidance on the adequacy and efficiency of the human resources policies, procedures and practices applied by the Social Housing Regulatory Authority.

Social & Ethics Committee

The Committee oversees the Social Housing Regulatory Authority's activities related to sustainable social and economic development, which include the promotion of equality and ethics management.

Governance Structures Changes:

During the 2025 financial year, Council Committees held three ordinary meetings due to members' terms coming to an end during the year. No ordinary meetings were held between the end of the outgoing members' term and the appointment of new members up to 31 March 2025 due to governance transition.

Procurement Framework

The entity complies with the PFMA and Treasury Regulation 16A.

The entity operates within the Preferential Procurement Regulations of the Preferential Procurement Policy Framework of Act 5 of 2000.

10. Meetings Attended

| | Total Number of Ordinary Meetings | Number of Ordinary Meetings Attended |
|---|-----------------------------------|--------------------------------------|
| Ordinary Council Meetings | | |
| Former Members | | |
| Ms BN Nzo (Term ended 25 November 2024) | 3 | 3 |
| Mr J Khawe (Term ended 25 November 2024) | 3 | 3 |
| Ms Q Gungubele (Term ended 25 November 2024) | 3 | 3 |
| Ms S Masiza (Term ended 25 November 2024) | 3 | 1 |
| Ms L Malema (Term ended 25 November 2024) | 3 | 3 |
| Prof M Radebe (Term ended 25 November 2024) | 3 | 3 |
| Current Members | | |
| Ms P Mogotsi-Thobejane (Chairperson from 25 March 2024) | 3 | 3 |
| Ms A Olifant | 3 | 3 |
| Mr K Kiewitz | 3 | 3 |
| Mr J Maboja | 3 | 3 |
| Mr J Makgonye | 3 | 0 |
| Dr S Beukes | 3 | 0 |
| Ms K Mokoena | 3 | 0 |
| Mr N Sengani | 3 | 0 |
| Dr X Mulamula | 3 | 0 |
| Ms L Mjobo | 3 | 0 |
| Ms R Rapotu | 3 | 0 |
| Mr T Makofane | 3 | 0 |
| Independent members who attend by invitation | | |
| Ms Z Tshabalala | 3 | 3 |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Council's Report

| | Total Number of Ordinary Meetings | Number of Ordinary Meetings Attended |
|---|-----------------------------------|--------------------------------------|
| Ordinary Human Resources and Remuneration Committee Meetings | | |
| Former Members | | |
| Ms Q Gungubele (Term ended 25 November 2024) | 3 | 3 |
| Prof M Radebe (Term ended 25 November 2024) | 3 | 3 |
| Current Members | | |
| Ms A Olifant (Chairperson) | 3 | 3 |
| Ms L Mjobo | 3 | 0 |
| Mr J Maboja | 3 | 3 |
| Mr J Makgonye | 3 | 0 |
| Compliance, Accreditation and Regulations Committee | | |
| Former Members | | |
| Mr J Khawe (Term ended 25 November 2024) | 3 | 3 |
| Ms L Malema (Term ended 25 November 2024) | 3 | 3 |
| Ms Q Gungubele (Term ended 25 November 2024) | 3 | 2 |
| Current Members | | |
| Mr K Kiewitz (Chairperson) | 3 | 3 |
| Mr J Makgonye | 3 | 0 |
| Dr S Beukes | 3 | 0 |
| Dr X Mulamula | 3 | 0 |
| Project, Development and Funding Committee | | |
| Former Members | | |
| Ms BN Nzo (Term ended 25 November 2024) | 3 | 3 |
| Ms S Masiza (Term ended 25 November 2024) | 3 | 2 |
| Current Members | | |
| Mr J Maboja (Chairperson) | 3 | 3 |
| Ms R Rapotu | 3 | 0 |
| Ms L Mjobo | 3 | 0 |
| Mr N Sengani | 3 | 0 |
| Ms P Mogotsi-Thobejane | 3 | 3 |
| Social and Ethics Meetings | | |
| Former Members | | |
| Ms L Malema (Term ended 25 November 2024) | 3 | 3 |
| Mr J Khawe (Term ended 25 November 2024) | 3 | 3 |
| Prof M Radebe (Term ended 25 November 2024) | 3 | 3 |
| Current Members | | |
| Dr S Beukes (Chairperson) | 3 | 0 |
| Ms P Mogotsi-Thobejane | 3 | 0 |
| Ms K Mokoena | 3 | 0 |
| Mr K Kiewitz | 3 | 3 |
| Ms A Olifant | 3 | 0 |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Council's Report

| | Total Number of Ordinary Meetings | Number of Ordinary Meetings Attended |
|--|-----------------------------------|--------------------------------------|
| Special Council Meetings | | |
| Former Members | | |
| Ms BN Nzo (Term ended 25 November 2024) | 8 | 3 |
| Mr J Khawe (Term ended 25 November 2024) | 8 | 4 |
| Ms Q Gungubele (Term ended 25 November 2024) | 8 | 4 |
| Ms S Masiza (Term ended 25 November 2024) | 8 | 3 |
| Ms L Malema (Term ended 25 November 2024) | 8 | 4 |
| Prof M Radebe (Term ended 25 November 2024) | 8 | 4 |
| Current Members | | |
| Ms P Mogotsi–Thobejane | 8 | 7 |
| Ms A Olifant | 8 | 5 |
| Mr K Kiewitz | 8 | 7 |
| Mr J Maboja | 8 | 7 |
| Mr J Makgonye | 8 | 4 |
| Dr S Beukes | 8 | 4 |
| Ms K Mokoena | 8 | 4 |
| Mr N Sengani | 8 | 3 |
| Dr X Mulamula | 8 | 4 |
| Ms L Mjobo | 8 | 4 |
| Ms R Rapotu | 8 | 4 |
| Independent members who attend by invitation | | |
| Ms Z Tshabalala | 8 | 1 |
| Special Human Resources and Remuneration of Special Special Committee Meetings* | | |
| Former Members | | |
| Ms Q Gungubele (Term ended 25 November 2024) | 6 | 5 |
| Prof M Radebe (Term ended 25 November 2024) | 6 | 3 |
| Current Members | | |
| Ms A Olifant (Chairperson) | 6 | 5 |
| Mr J Makgonye | 6 | 1 |
| Ms L Mjobo | 6 | 1 |
| Mr J Maboja | 6 | 6 |
| Ms P Mogotsi–Thobejane | 6 | 2 |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Council's Report

| | Total Number of Ordinary Meetings | Number of Ordinary Meetings Attended |
|--|-----------------------------------|--------------------------------------|
| Special Compliance, Accreditation and Regulations Committee | | |
| Former Members | | |
| Mr J Khawe (Term ended 25 November 2024) | 1 | 1 |
| Ms L Malema (Term ended 25 November 2024) | 1 | 1 |
| Ms Q Gungubele (Term ended 25 November 2024) | 1 | 1 |
| Current Members | | |
| Mr K Kiewitz (Chairperson) | 1 | 1 |
| Mr J Makgonye | 1 | 0 |
| Dr S Beukes | 1 | 0 |
| Dr X Mulamula | 1 | 0 |
| Special Project, Development and Funding Committee | | |
| Former Members | | |
| Ms BN Nzo (Term ended 25 November 2024) | 1 | 1 |
| Ms S Masiza (Term ended 25 November 2024) | 1 | 0 |
| Ms L Malema (Term ended 25 November 2024) | 1 | 0 |
| Current Members | | |
| Mr J Maboja (Chairperson) | 1 | 1 |
| Ms R Rapotu | 1 | 0 |
| Ms P Mogotsi-Thobejane | 1 | 1 |
| Ms L Mjobo | 1 | 0 |
| Mr N Sengani | 1 | 0 |
| Special Social and Ethics Meetings | | |
| Former Members | | |
| Mr J Khawe (Term ended 25 November 2024) | 1 | 1 |
| Ms L Malema (Term ended 25 November 2024) | 1 | 1 |
| Prof M Radebe (Term ended 25 November 2024) | 1 | 1 |
| Current Members | | |
| Dr S Beukes (Chairperson) | 1 | 0 |
| Mr K Kiewitz | 1 | 1 |
| Ms P Mogotsi-Thobejane | 1 | 0 |
| Ms K Mokoena | 1 | 0 |
| Ms A Olifant | 1 | 0 |

Additional workshops, training and seminars were attended during the period by the members.

11. Auditors

RAIN Chartered Accountants Incorporated continued in office as external auditors for the current financial year.

12. Irregular expenditure

The irregular expenditure in the current financial year is R0 (2024: R0).

13. Fruitless and wasteful expenditure

There is no fruitless and wasteful expenditure identified in current financial year (2024: R0).

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position

| | Note(s) | 2025 R | 2024 R |
|--|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Receivables from exchange transactions | 3 | 6 830 105 | 1 150 767 |
| Receivables from non-exchange transactions | 4 | 32 800 507 | 26 724 812 |
| Cash and cash equivalents | 5 | 785 630 839 | 785 825 584 |
| | | 825 261 451 | 813 701 163 |
| Non-Current Assets | | | |
| Property plant and equipment | 6 | 4 107 214 | 3 453 955 |
| Intangible assets | 7 | 3 309 533 | 3 309 526 |
| | | 7 416 747 | 6 763 481 |
| Total Assets | | 832 678 198 | 820 464 644 |
| Liabilities | | | |
| Current Liabilities | | | |
| Operating lease liability | 8 | 66 415 | 92 981 |
| Payables from exchange transactions | 9 | 47 142 225 | 47 660 039 |
| Provisions | 10 | 38 157 339 | 27 959 241 |
| | | 85 365 979 | 75 712 261 |
| Total Liabilities | | 85 365 979 | 75 712 261 |
| Net Assets | | 747 312 219 | 744 752 383 |
| Accumulated surplus | | 747 312 219 | 744 752 383 |
| Total Net Assets | | 747 312 219 | 744 752 383 |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Performance

| | Note(s) | 2025 R | 2024 R |
|--|---------|---------------------|----------------------|
| Revenue from non-exchange transactions | 12 | 864 090 000 | 897 654 000 |
| Other income | 13 | 6 872 065 | 79 452 |
| Operating expenses | | (86 729 575) | (91 865 501) |
| Programme costs | 14 | (820 482 380) | (1 036 884 251) |
| Operating deficit | 15 | (36 249 890) | (231 016 300) |
| Interest income | 16 | 38 809 729 | 80 551 383 |
| Surplus/(Deficit) for the year | | 2 559 839 | (150 464 917) |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Net Assets

| | Accumulated Surplus R |
|--|-----------------------------|
| Balance at 01 April 2023 | 895 217 300 |
| Changes in net assets / Deficit for the year | (150 464 917) |
| Total changes | (150 464 917) |
| Balance at 01 April 2024 | 744 752 380 |
| Changes in net assets / Surplus for the year | 2 559 839 |
| Total changes | 2 559 839 |
| Balance at 31 March 2025 | 747 312 219 |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Cash Flow Statement

| | Note(s) | 2025 R | 2024 R |
|---|-----------|--------------------|----------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Government Grants | | 864 090 000 | 897 654 000 |
| Interest income | | 38 809 729 | 80 551 383 |
| Other income | | 791 396 | 79 452 |
| | | 903 691 125 | 978 284 835 |
| Payments | | | |
| Employee costs | | (42 240 737) | (41 092 923) |
| Programme costs | | (808 427 398) | (1 048 855 561) |
| Suppliers | | (51 249 479) | (45 599 469) |
| | | (901 917 614) | (1 135 547 953) |
| Net cash flows from operating activities | 17 | 1 773 511 | (157 263 118) |
| Cash flows from investing activities | | | |
| Purchase of property plant and equipment | 6 | (1 990 299) | (503 353) |
| Proceeds from sale of property plant and equipment | | 22 050 | – |
| Purchase of other intangible assets | 7 | (7) | (41 741) |
| Net cash flows from investing activities | | (1 968 256) | (545 094) |
| Cash flows from financing activities | | | |
| Net movement from Residential Rent Relief Programme | 11 | – | (296 492 792) |
| Net (decrease)/increase in cash and cash equivalents | | (194 745) | (454 301 004) |
| Cash and cash equivalents at the beginning of the year | | 785 825 584 | 1 240 126 588 |
| Cash and cash equivalents at the end of the year | 5 | 785 630 839 | 785 825 584 |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Statement of Comparison of Budget and Actual Amounts

| Budget on Cash Basis | | | | | | |
|--|-----------------|-------------|--------------|------------------------------------|--|-----------|
| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
| | R | R | R | R | R | |
| Statement of Financial Performance Revenue | | | | | | |
| Revenue | | | | | | |
| Government Grants | 864 090 000 | 40 160 579 | 904 250 579 | 864 090 000 | (40 160 579) | 24.2 |
| Interest received | – | – | – | 38 809 729 | 38 809 729 | 24.3 |
| Other income | – | – | – | 6 872 065 | 6 872 065 | 24.4 |
| | 864 090 000 | 40 160 579 | 904 250 579 | 909 771 794 | 5 521 215 | |
| Expenses | | | | | | |
| Compensation of employees | 40 392 291 | – | 40 392 291 | 43 323 350 | 2 931 059 | 24.5 |
| Operating expenses | 43 446 709 | – | 43 446 709 | 43 406 225 | (40 484) | |
| Programme costs | 780 251 000 | 40 160 579 | 820 411 579 | 820 482 380 | 70 801 | 24.7 |
| Total expenditure | 864 090 000 | 40 160 579 | 904 250 579 | 907 211 955 | 2 961 376 | |
| Surplus for the year | – | – | – | 2 559 839 | – | |
| Significant operating expenses | | | | | | |
| Audit fees | 2 212 000 | – | 2 212 000 | 2 380 262 | 168 262 | 24.6 |
| Computer IT and website expenses | 1 715 000 | – | 1 715 000 | 6 001 640 | 4 286 640 | 24.8 |
| Lease payments | 4 584 974 | – | 4 584 974 | 3 939 867 | (645 107) | |
| Legal fees | 3 201 635 | – | 3 201 635 | 4 255 010 | 1 053 375 | 24.9 |
| Professional fees | 13 069 391 | – | 13 069 391 | 12 017 934 | (1 051 457) | 24.10 |
| Travel and subsistence | 1 878 689 | – | 1 878 689 | 2 565 585 | 686 896 | 24.11 |
| | 26 661 689 | – | 26 661 689 | 31 160 298 | 4 498 609 | |

Retention of Surpluses

The National Treasury approved the retention surpluses for the 2023/24 financial year, in terms of section 53(3) of the Public Finance Management Act of 1999, as well as National Treasury Instruction No. 12 of 2020/21. These funds were utilised to fund the deficit realised in the implementation of programmes. The overspending towards project implementation noted above did not exceed the surpluses cash retained per the National Treasury's approval.

SHRA projects are multi-year in their implementation. The SHRA maintains and monitors its programme disbursements through the implementation of Consolidated Capital Grant quarterly cash projections, allocating the current year's budget allocation against active projects. Projects are also funded from retained cash surplus rolled over from the previous years, which is why the SHRA always requests, and receives, approval for the retention of cash surplus.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1. Presentation of Audited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including interpretations, guideline and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Public Finance Management Act (Act 1 of 1999).

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. The financial statements have been rounded to nearest Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited annual financial statements are disclosed below.

1.1 Going concern assumption

These audited annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for the foreseeable future.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:

Impairment testing

The recoverable amounts of non-cash-generating units have been determined by management. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of property, plant and equipment and intangible assets. No adjustments have been made to carrying value of these assets for the financial year.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 – Provisions.

Provisions are recognised when the entity has a present legal or constructive obligation as a result of a past event when it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Useful lives and residual values of property and equipment and intangible assets

The Social Housing Regulatory Authority's management determines the estimated useful lives and residual values of property and equipment and intangible assets. These assessments are made on an annual basis and use historical evidence and current economic factors to estimate the values.

Administrative IT equipment, office furniture and equipment and motor vehicles are not componentised. These assets do not have significant parts that are considered to have an estimated useful life different to the estimated useful life of the asset as a whole.

Other significant judgements

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.3 Property plant and equipment

Property, plant and equipment is initially measured at cost.

Any subsequent expenditure on property, plant and equipment is capitalised when the costs can be estimated reliably and the expenditure increases the economic benefits or service potential of the asset. All other expenditure is expensed.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Items of property, plant and equipment are depreciated from date it is available for use, on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|------------------------|---------------------|--|
| Furniture and fixtures | Straight-line | 6 – 15 years |
| Motor vehicles | Straight-line | 3 – 6 years |
| Office equipment | Straight-line | 3 – 6 years |
| IT equipment | Straight-line | 3 – 6 years |
| Leasehold improvements | Straight-line | Lower of useful life and term of lease |

The residual value, and the useful life and depreciation method are reviewed when there is an indication that the entities expectation thereof have changed since the previous reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Indicators of reassessment used by management includes assets that are approaching the end of their useful life planned replacement or refurbishment of assets, technology changes or change in use in asset.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

For intangible assets, amortisation is provided on a straight-line basis over their expected useful lives. The estimated residual value, the expected useful life and amortisation method for intangible assets are reviewed at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

Reviewing the useful life of the intangible asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from previous estimate.

Amortisation commences on the date the asset is brought into use.

The amortisation charge for each period is recognised in surplus or deficit.

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from use of the asset.

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

| Item | Depreciation method | Average useful life |
|-------------------|---------------------|---------------------|
| Computer software | Straight-line | 2 years |

Annual license renewals and incidental costs are not capitalised as part of the cost of the intangible assets and are recognised immediately in surplus or deficit when the cost is incurred.

1.5 Financial instruments

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|--|--|
| Receivables from exchange transactions | Financial asset measured at amortised cost |
| Cash and cash equivalents | Financial asset measured at amortised cost |

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|-------------------------------------|--|
| Payables from exchange transactions | Financial liability measured at amortised cost |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.6 Taxation

No provision has been made for taxation. The entity is exempt from taxation in terms of section 10(1)cA of the Income Tax Act.

1.7 Leases

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Impairment of non-cash-generating assets

Designation

At initial recognition the entity designates an asset as non-cash-generating or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.9 Employee benefits

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by employees. Vested employee benefits are employee benefits that are not conditional on future employment.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

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Accounting Policies

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. When an employee has rendered service to the entity during a reporting period the entity recognises the contribution payable to a defined contribution plan exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash fund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

Where contributions to defined contribution plan do not fall wholly within twelve months after the end of the reporting period in which the employees render the related service. they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.10 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Contingent assets and contingent liabilities are not recognised but are disclosed in the notes to the financial statements.

1.11 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments will be measured at the contract value, less any expenditure incurred in the current and past financial periods.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

Operational commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.12 Revenue from non-exchange transactions

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When as a result of a non-exchange transaction the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.14 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than authorised expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including –

- (a) this Act; or
- (b) the State Tender Board Act 1968 (Act No. 86 of 1968) or any regulation made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is recognised and disclosed in the financial statements in accordance with the compliance reporting requirements of National Treasury Instruction 4 of 2022/2023 PFMA Compliance and reporting framework.

1.15 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.16 Budget information

Entity is typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 April 2024 to 31 March 2025.

The budget for the economic entity includes all the entities approved budgets under its control.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

1.17 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Only transactions with Government related parties not at arm's length or not in the ordinary course of business are disclosed.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Notes to the Audited Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|--|---|--|
| • GRAP 2023 Improvements to the Standards of GRAP 2023 | Not determined as yet | Unlikely there will be a material impact |
| • GRAP 1 (amended): Presentation of Financial Statements (Going Concern) | Not determined as yet | Unlikely there will be a material impact |
| • GRAP 104 (as revised): Financial Instruments | 01 April 2025 | Unlikely there will be a material impact |

3. Receivables from exchange transactions

| | 2025 R | 2024 R |
|--------------------|------------------|------------------|
| Prepayments | 1 441 250 | 252 395 |
| Deposits | 846 115 | 846 115 |
| Sundry receivables | 4 542 740 | 52 257 |
| | 6 830 105 | 1 150 767 |

Other non-financial asset receivables included in receivables from exchange transactions above are as follows:

| | | |
|--|------------------|------------------|
| Prepayments | 1 441 250 | 252 395 |
| Financial asset receivables included in receivables from exchange transactions above | 5 388 855 | 898 372 |
| Total receivables from exchange transactions | 6 830 105 | 1 150 767 |

Deposits

Deposits relate to rental deposit on the premises occupied.

Trade and other receivables pledged as security

No receivables were pledged as security.

Trade and other receivables impaired

The trade and other receivables have been assessed for impairment and no impairment have been recognised based on management assessment.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Notes to the Audited Annual Financial Statements

4. Receivables from non-exchange transactions

| | 2025 R | 2024 R |
|---------------------------------------|------------|------------|
| Consolidated Capital Grant Recoveries | 32 800 507 | 26 724 812 |

Consolidated Capital Grant Recoverable

TBGI Holdings (Pty) Ltd

Following the termination of the Consolidated Capital Grant (CCG) Agreement due to a breach by the Social Housing Institution (SHI), the SHRA instituted legal proceedings against TBGI Holdings (Pty) Ltd to recover funds disbursed up to the date of breach. A judgment in favour of the SHRA was obtained during the year ended 31 March 2023, and a receivable was accordingly recognised against SHIP 8B – TBGI Holdings (Pty) Ltd – Soweto City.

As at 31 March 2025, no recoveries have been made on this receivable. While the balance has remained on the Statement of Financial Position, impairment has not been recognised due to the following considerations:

Legal Proceedings and Asset Tracing: The SHRA appointed a private investigator to trace assets of TBGI Holdings (Pty) Ltd and its associated entities. The investigation identified assets in the names of the directors personally and established that the directors are active in other companies. The SHRA is pursuing legal action to pierce the corporate veil in order to attach these personal assets and has been exploring the most efficient and cost-effective court process to do so.

Uncertainty in Recoverability: The recoverable amount of the receivable cannot be reliably measured at this stage. As such, in accordance with relevant accounting standards, impairment has not been recognised due to the lack of objective evidence regarding irrecoverability.

Prudent Financial Reporting: In line with prudent accounting practices, the receivable remains recognised until the outcome of the recovery process is determined, and sufficient evidence exists to assess any potential impairment.

The SHRA continues to pursue recovery through legal and investigative means, including the identification of attachable assets and further legal applications, to fulfil its obligation to recover public funds and maintain accountability.

Crowie Property Group (Bridge City Project)

The entity entered into a Consolidated Capital Grant Agreement (CCGA) with Crowie Property Group (CPG) in February 2022, for the implementation of the Bridge City Social Housing Project. As of 31 March 2025 (November 2022) total grant funds disbursed to CPG amounted to R6 075 695, primarily for professional services and due diligence activities. Due to financial and viability constraints, CPG submitted a formal withdrawal notice on 28 January 2025 requesting the cancellation of the CCGA and proposing a 6-month repayment plan. In accordance with Clause 6.5.2 of the CCGA, the SHRA rejected the 6-month proposal via correspondence dated 18 March 2025, and instead offered a 2-month repayment plan.

The SHRA Council on 29 April 2025, approved the termination of the CCGA and ratified a revised 2-month repayment plan for the recovery of funds. CPG is obligated to repay the full amount of R6 075 695 in two equal instalments of R3 037 848, payable at the end of June 2025 and July 2025, respectively.

A receivable has been recognised in the Statement of Financial Position as at 31 March 2025 for the full amount of R6 075 695. A corresponding recovery has been recorded under other income in the Statement of Financial Performance. No interest has been levied on the amount repayable as the withdrawal was not treated as a breach under Clause 15 of the CCGA, but rather as a mutually agreed termination.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Notes to the Audited Annual Financial Statements

5. Cash and cash equivalents

| | 2025 R | 2024 R |
|---------------------------------------|--------------------|--------------------|
| Cash and cash equivalents consist of: | | |
| Cash on hand | 1 255 | 1 470 |
| Current accounts | 1 119 989 | 4 102 283 |
| Call accounts | 737 194 024 | 738 225 675 |
| Reserve bank | 47 313 423 | 43 476 560 |
| Debit cards | 2 148 | 19 596 |
| | 785 630 839 | 785 825 584 |

Credit quality of cash at bank and short term deposits, excluding cash on hand and Reserve Bank

The credit quality of cash at bank and short term deposits, excluding cash on hand and cash held in the CPD account that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

| | 2025 R | 2024 R |
|--|-------------|-------------|
| Credit rating | | |
| FNB falls within the FRB Group (First Rand Bank) which is rated as Baa3 for deposit and Ba1 for senior unsecured per Moody's Ratings | 738 316 161 | 742 347 554 |

6. Property, plant and equipment

| | 2025 | | | 2024 | | |
|------------------------|-------------------|---|------------------|-------------------|---|------------------|
| | Cost | Accumulated depreciation and accumulated impairment | Carrying value | Cost | Accumulated depreciation and accumulated impairment | Carrying value |
| Furniture and fixtures | 2 461 282 | (1 469 844) | 991 438 | 2 461 281 | (1 231 065) | 1 230 216 |
| IT equipment | 4 849 828 | (2 742 416) | 2 107 412 | 4 173 597 | (2 346 932) | 1 826 665 |
| Leasehold improvements | 6 561 421 | (5 938 592) | 622 829 | 5 561 961 | (5 277 570) | 284 391 |
| Motor vehicle | 357 719 | (250 403) | 107 316 | 357 719 | (250 403) | 107 316 |
| Office equipment | 343 931 | (65 712) | 278 219 | 53 663 | (48 296) | 5 367 |
| Total | 14 574 181 | (10 466 967) | 4 107 214 | 12 608 221 | (9 154 266) | 3 453 955 |

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Audited Annual Financial Statements for the year ended 31 March 2025

Notes to the Audited Annual Financial Statements

| Reconciliation of property plant and equipment – 2025 | | | | | | |
|---|------------------|------------------|-----------------|--------------------|-----------------|------------------|
| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
| Furniture and fixtures | 1 230 216 | – | – | (238 778) | – | 991 438 |
| IT equipment | 1 826 665 | 700 571 | (17 076) | (402 748) | – | 2 107 412 |
| Leasehold improvements | 284 391 | 999 460 | – | (661 022) | – | 622 829 |
| Motor vehicle | 107 316 | – | – | – | – | 107 316 |
| Office equipment | 5 367 | 290 268 | – | (17 416) | – | 278 219 |
| | 3 453 955 | 1 990 299 | (17 076) | (1 319 964) | – | 4 107 214 |

| Reconciliation of property plant and equipment – 2024 | | | | | | |
|---|------------------|----------------|--------------------|-----------------|------------------|--|
| | Opening balance | Additions | Depreciation | Impairment loss | Total | |
| Furniture and fixtures | 1 451 732 | – | (221 516) | – | 1 230 216 | |
| IT equipment | 2 163 700 | 309 650 | (600 965) | (45 720) | 1 826 665 | |
| Leasehold improvements | 628 186 | 193 703 | (537 498) | – | 284 391 | |
| Motor vehicle | 107 316 | – | – | – | 107 316 | |
| Office equipment | 5 367 | – | – | – | 5 367 | |
| | 4 356 301 | 503 353 | (1 359 979) | (45 720) | 3 453 955 | |

Other information

Repairs and maintenance incurred relating to property, plant and equipment is R85 211: (2024: R79 041)

| | 2025 R |
|---|-----------|
| Property plant and equipment fully depreciated and still in use (Gross carrying amount) | |
| Motor vehicles | 107 316 |

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Audited Annual Financial Statements for the year ended 31 March 2025

Notes to the Audited Annual Financial Statements

7. Intangible assets

| 2025 | | | | 2024 | | |
|-------------------|-----------|---|----------------|-----------|---|----------------|
| | Cost | Accumulated amortisation and accumulated impairment | Carrying value | Cost | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 3 309 533 | – | 3 309 533 | 4 613 879 | (1 304 353) | 3 309 526 |

Reconciliation of intangible assets – 2025

| | Opening balance | Additions | Amortisation | Total |
|-------------------|-----------------|-----------|--------------|-----------|
| Computer software | 3 309 526 | 7 | – | 3 309 533 |

Reconciliation of intangible assets – 2024

| | Opening balance | Additions | Amortisation | Total |
|-------------------|-----------------|-----------|--------------|-----------|
| Computer software | 3 267 785 | 41 741 | – | 3 309 526 |

Other information

Included under Intangible Assets are software licenses bought by the SHRA for usage in its various operations as well as the development of the MyShra integrated portal aimed at seamlessly integrating various processes within the organisation. Various stages of the project will be included in one case management system that will house the process from SHI and project accreditation to ultimate project management and monitoring as part of the organisation's regulation mandate. These are presented on an aggregated basis where off-the-shelf licences are grouped together with internally generated assets.

The development of the case management system (MyShra) has taken considerably longer than anticipated, however the organisation is still committed to seeing the project to its fruition since it still holds relevance to improving the SHRA's processes and mandate.

8. Operating lease liability

| | 2025 R | 2024 R |
|--------------------------------|--------|--------|
| Current liabilities – Premises | 66 415 | 92 981 |

The operating lease liability relate to the rental of premises of the entity which have been negotiated for a 2 year period commencing 01 September 2023 with a yearly increase of 8%. The terms of the rental agreement do not include a renewal or purchase option and it expires 31 August 2025.

9. Payables from exchange transactions

| | | |
|-------------------|-------------------|-------------------|
| Trade payables | 600 844 | 2 276 363 |
| Accrued expenses | 44 784 441 | 43 609 898 |
| Accrued leave pay | 1 756 940 | 1 773 778 |
| | 47 142 225 | 47 660 039 |

Social Housing Regulatory Authority settled majority of creditors before year end. Payables are settled on invoice or

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Notes to the Audited Annual Financial Statements

30 day terms.

Accrued expenses for both current and prior year are comprised mainly of programme costs. There are no defined benefit contribution costs payable as at the end of current and prior year.

10. Provisions

| Reconciliation of provisions – 2025 | | | | |
|-------------------------------------|-----------------|------------|--------------------------|------------|
| | Opening Balance | Additions | Utilised during the year | Total |
| Interest earned capitalisation | 27 959 241 | 22 065 847 | (11 867 749) | 38 157 339 |

| Reconciliation of provisions – 2024 | | | | |
|-------------------------------------|-----------------|-----------|--------------------------|------------|
| | Opening Balance | Additions | Utilised during the year | Total |
| Interest earned capitalisation | 53 333 996 | – | (25 374 755) | 27 959 241 |

The interest earned capitalisation constitutes of interest earned on various project bank sub-accounts held by the Social Housing Regulatory Authority over the years. In terms of the capital grant contracts and policies, the Social Housing Regulatory Authority may at its discretion, approve use of interest on capital grants for project enhancements. Any unutilised interest will be recognised as revenue in future, but the basic principle of this provision is to re-invest interest back into the social housing sector to improve quality and sustainability.

11. Residential Rent Relief Programme

| | 2025 R | 2024 R |
|---|--------|---------------|
| Balance at the beginning of the year | – | 296 492 792 |
| Disbursements during the year | – | (14 092 792) |
| Surrendered/Returned to National Treasury | – | (282 400 000) |
| | – | – |

The Residential Rent Relief Programme was developed by the National Department of Human Settlements in order to cater for low-income earners. The intent of the Rent Relief Programme was to provide temporary financial relief to residential low-income tenants and landlords, in circumstances where tenants have been unable and were unable to meet their rental obligations as consequence of financial distress associated with the COVID-19 lockdown.

The Residential Rent Relief Programme was not a permanent grant and served the purpose of protecting the long-term sustainability of the Social Housing Programme so that achievement of the policy objectives of this Programme is not undermined.

During the prior financial year, National Treasury recalled the unutilised portion of the fund due to the improvement in economic conditions, thus making the 2024 financial year the last of the programme.

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12. Revenue from non-exchange transactions

| | 2025 R | 2024 R |
|--------------------------------|--------------------|--------------------|
| Operational grant | 76 355 000 | 73 073 000 |
| Institutional investment grant | 24 684 000 | 23 623 000 |
| Consolidated capital grant | 763 051 000 | 800 958 000 |
| | 864 090 000 | 897 654 000 |

13. Other income

| | | |
|--|------------------|---------------|
| Consolidated Capital Grant recoveries | 6 075 695 | – |
| Gain on sale of property plant and equipment | 4 974 | – |
| SETA Recoveries | 11 456 | 79 452 |
| Recoveries from suppliers | 779 940 | – |
| | 6 872 065 | 79 452 |

14. Programme costs

| Project | | Programme | | |
|--------------------------------------|----------------------------|-----------|------------|-------------|
| Province/Institution | | | | |
| Eastern Cape Province | | | | |
| Imizi Housing Utility NPC | John Str | SHIP 9D | – | 2 080 274 |
| North West Province | | | | |
| Bokone Social Housing | Tlhabane West | SHIP 11B | – | – |
| Instratin Properties (Pty) Ltd | Flamwood | SHIP 5A | 727 306 | – |
| Gauteng Province | | | | |
| JOSHCO (Pty) Ltd | City Deep | SHIP 3B | 5 453 580 | 28 841 204 |
| Housing Company Tshwane | Townlands | SHIP 7C | 2 955 148 | 72 617 500 |
| Housing Company Tshwane | Phase 1 Townlands | SHIP 7C | 3 821 891 | 55 246 500 |
| Arrow Creek (Phase 1 & 2) | Phase 2 Mogale | SHIP 7D | 10 592 489 | – |
| The Housing Hub (Pty) Ltd | Junction Mohlakeng | SHIP 9A | 11 463 544 | – |
| Instratin Properties (Pty) Ltd | Little Manhattan | SHIP 9E | 1 775 547 | – |
| JIDMAC Social Housing (Pty) Ltd | Fochville Ext 11 | SHIP 10C | 1 115 098 | – |
| JIDMAC Social Housing NPC | Fochville EXT 8 | SHIP 11B | 1 094 799 | 5 527 538 |
| YG Property (Pty) Ltd | Kempton Towers | SHIP 11B | – | 1 860 410 |
| Ekurhuleni Housing Company (Pty) Ltd | Germiston Firestation PH 2 | SHIP 11D | 1 953 613 | 24 849 799 |
| Instratin Properties (Pty) Ltd | Midrand Heights | SHIP 12A | 13 776 748 | – |
| SA Corporate Real Estate | North Park Mall | SHIP 12A | – | 1 878 871 |
| Azaad Aswat | Boston House | SHIP 12B | – | 2 338 056 |
| Grand Central Towers | Bridgeport No 105 | SHIP 12B | 9 677 171 | 124 148 462 |
| Siyanakhela Imizi | Betty Street | SHIP 12B | – | 12 342 762 |
| GNI Social Housing (Pty) Ltd | Benoni Heights | SHIP 13D | 37 488 449 | 30 117 514 |
| JOSHCO (Pty) Ltd | Princess Plots | SHIP 13E | – | 21 890 554 |

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| | | | 2025 R | 2024 R |
|--|---------------------------|-----------|--------------------|----------------------|
| JOSHCO (Pty) Ltd | Riverside View | SHIP 13E | – | 72 837 039 |
| JOSHCO (Pty) Ltd | Lufhereng | SHIP 13E | – | 22 810 878 |
| Africrest Resi 1 | 404 Main | SHIP 14A | 65 767 360 | – |
| Africrest Resi 2 | The Sheds | SHIP 14A | 91 212 978 | – |
| GNI | Ferndale Place | SHIP 14A | 63 325 416 | – |
| JIDMAC Social Housing (Pty) Ltd | Princess Park | SHIP 14A | 92 192 190 | – |
| Zuberi Housing Company NPC | Kings Norton | SHIP 14A | 7 332 490 | – |
| | | | 420 998 511 | 477 307 087 |
| Mpumalanga Province | | | | |
| Goven Mbeki Housing Association NPC | Kwandokuhle | SHIP 10D | 37 769 934 | 52 667 743 |
| | | | 37 769 934 | 52 667 743 |
| Kwa-Zulu Natal Province | | | | |
| Buhlebezwe Property NPC | Hospital Street | SHIP 10A | 47 812 046 | 83 543 452 |
| Instratin Properties (Pty) Ltd | Bridge City | SHIP 9F | 1 271 945 | 76 169 436 |
| | | | 49 083 991 | 159 712 888 |
| Western Cape Province | | | | |
| Communicare NPC | Bothasig | SHIP 9E | – | 2 668 913 |
| Community Housing Services NPC | Goodwood | SHIP 8B | 13 944 589 | 211 096 559 |
| Povicom NPC | Regent Villa | SHIP 10B | – | 2 000 392 |
| Madulammoho | Maitland Mews | SHIP 11B | 26 707 | 7 004 667 |
| Instratin Properties (Pty) Ltd | Mountain | SHIP 12A | 7 846 547 | – |
| Own Haven Housing Association NPC | Ridge Gardens Conradie | SHIP 13C | 143 467 485 | 70 099 069 |
| Povicom NPC | Phase 2 Regent Villa | SHIP 13E | 21 677 501 | 6 797 769 |
| HIS Social Housing | Somerset West | SHIP 14 A | 86 448 035 | – |
| | | | 273 410 864 | 299 667 369 |
| Northern Cape Province | | | | |
| South Africa Swedish International Housing Company | Hull Street | SHIP 10C | 21 220 970 | 38 939 556 |
| Programme costs – interest earned | | | – | – |
| Total Consolidated Capital Grants | | | 803 211 576 | 1 030 374 917 |
| Institutional Investment Grants | | | | |
| General Capacitation Grant | | | 11 084 852 | 6 002 330 |
| Remedial Action Grant | | | 5 365 530 | – |
| Staff Gear-up Grant | | | 820 422 | 507 004 |
| | | | 17 270 804 | 6 509 334 |
| Total Grants | | | 820 482 380 | 1 036 884 251 |

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Consolidated Capital Grants

These programme costs relate to capital grants to social housing in accordance with the relevant investment criteria.

Institutional Investment Grants

These programme costs relate to the following:

- Gearing up staff in accredited and conditionally accredited institutions.
- Providing financial support for the preparation of project proposals and obtaining approval.
- Providing financial support for the preparation and submission of proposals for accreditation and increasing accreditation status.
- Ad-hoc grants linked to institutional business planning and other programme related support grants.

15. Operating deficit

Operating deficit for the year is stated after accounting for the following:

| | | 2025 R | 2024 R |
|--|----|------------------|------------------|
| Operating lease charges | | | |
| Premises | | | |
| • Straight lined amounts | | 3 792 184 | 4 155 379 |
| Equipment | | | |
| • Contractual amounts | | 147 683 | 78 151 |
| | | 3 939 867 | 4 233 530 |
| Depreciation and amortisation on property, plant and equipment | 6 | 1 319 964 | 1 359 979 |
| Employee costs | | 41 712 784 | 39 072 016 |
| Defined contribution plan | | 1 610 566 | 1 824 315 |
| External and internal audit fees | | 2 380 262 | 3 062 915 |
| Gain on sale of property, plant and equipment | | (4 974) | – |
| Programme costs | 16 | 820 348 484 | 1 036 884 251 |
| Repairs and maintenance | | 85 211 | 79 041 |
| Research and development | | – | 598 000 |

16. Interest income

| | | |
|------------------------|------------|------------|
| Interest earned – Bank | 38 809 729 | 80 551 383 |
|------------------------|------------|------------|

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17. Cash generated from (used in) operations

| | 2025 R | 2024 R |
|--|------------------|----------------------|
| Surplus/(Deficit) | 2 559 839 | (150 464 917) |
| Adjustments for: | | |
| Depreciation and amortisation | 1 319 964 | 1 359 979 |
| Loss on sale of asset | (4 974) | – |
| Impairments | – | 45 719 |
| Movements in operating lease assets and accruals | (26 566) | (206 268) |
| Movements in provisions | 10 198 098 | (25 374 755) |
| Changes in working capital: | | |
| Receivables from exchange transactions | (5 679 338) | 300 856 |
| Other receivables from non-exchange transactions | (6 075 695) | – |
| Payables from exchange transactions | (517 817) | 17 076 268 |
| | 1 773 511 | (157 263 118) |

18. Contingencies

Contingent Assets

The Social Housing Regulatory Authority deems it necessary to disclose contingent assets in respect of the following transactions:

| SUMMARY OF MATTER | TOTAL GRANT DISBURSED | RECOURSE AND STATUS UPDATE |
|--|--------------------------|--|
| Golden West Governance failures in the board of the social housing institution resulted in the institution being placed under business rescue. | R109 198 270 | Recovery of the land and the project. The SHRA filed heads of argument. Crimson King (the "Developer") did not file their heads of argument. The SHRA is applying for a hearing date while negotiating hand-over of the completed units with the Crimson King. |
| Manapendlo Social Housing Institution NPC Loss of debt funding resulting in breach of contract (financial closure not met) | R10 798 385 | The grant recipient has since been placed under business rescue and SHRA has brought an application in court to uplift the business rescue and recover the project. Once the transfer is finalised the SHRA will secure transfer of the land to HDA while identifying an alternate delivery agent. |

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| SUMMARY OF MATTER | TOTAL GRANT DISBURSED | RECOURSE AND STATUS UPDATE |
|--|-----------------------|--|
| Hlalanathi Social Housing Association NPC Breach of contract due to loss of debt funding (financial closure not met). | R 28 000 552 | Recovery of the land and the project A creditor of the SHI was granted provisional liquidation in respect of work done. The SHRA applied for rescission of this liquidation order and the rescission could not be heard and the new date has not been issued by the Court yet. If successful, the SHRA intends to deliver this project via an alternate delivery agent. The timing of the flow of the funds is unknown. |
| Housing Authority of East London (HAEL) Breach of agreement in failure to meet Financial Closure. | R 8 009 699 | Recovery of the land and the project This entity is in contempt of a court order, ordering them to provide the SHRA access to their books and accounts to ascertain whether the funds were all used toward the project prior to deciding on the matter of transfer of phase 3. The timing of the flow of the funds is unknown. The SHRA has prepared an application for a warrant of execution and awaits set down. Should the application be granted, the SHRA will obtain the search and seizure order and thereafter enforce it to seize the documents required from HAEI. |
| Marang Estate Developments Conditions Precedent (CP) and Financial Closure (FC) not met in accordance with the agreement. Fraudulent transactions resulting in the matter being referred to the Hawks. | R144 755 020 | Recovery of the land and the project This matter was under the NPA and has now been finalised. The SHRA submitted its proposal on the transfer of the land parcels to the National Treasury, who was the lead Complainant in the criminal proceedings emanating from this matter. The SHRA has also proposed that the developed portions of the project be released back to the SHRA so they can be reallocated to other accredited SHI/ODA to complete the rest of the sections and manage the project further. |

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Notes to the Audited Annual Financial Statements

| SUMMARY OF MATTER | TOTAL GRANT DISBURSED | RECOURSE AND STATUS UPDATE |
|--|--|---|
| <p>Toro Ya Afrika Ga-Rankuwa Project</p> <p>Request by the SHI to repurpose the project from Social Housing to Student Housing due to a shift in the market within the area and non-viability of Social Housing projects.</p> | <p>R173 321 795 (R403 066 692)</p> | <p>Project Restructuring</p> <p>Toro Ya Afrika formally requested that the project be repurposed into student accommodation, citing reduced demand for social housing in Ga-Rankuwa and an urgent need for student accommodation.</p> <p>SHRA Council passed a resolution to:</p> <ul style="list-style-type: none">• Curtail the project scope to the 813 units already completed and retain these as social housing stock;• Support the conversion of the remaining 779 units under construction into student accommodation;• Require Toro Ya Afrika to reimburse the SHRA an amount representing the difference between the total grant disbursed and the value of units claimed;• Appoint a transactional advisor to assess legal, financial and regulatory compliance and to finalise contractual and reimbursement terms. <p>As at the reporting date, no contractual agreement had been concluded. As such the reimbursement amount remains subject to further validation and negotiation.</p> |

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Contingent Liability

In terms of section 53(3) of the PFMA and in terms of Treasury Instruction 12 of 2020/2021, a public entity may not accumulate surplus funds without approval from the National Treasury. Approval for the 2025 financial year will only be obtained after finalisation of the 2025 audit. National Treasury has previously approved the accumulation of surpluses, and there is no indication that the retention will not be allowed for the 2025 surpluses as well.

Furthermore, the SHRA terminated the employment contract of one of its employees during the financial year. The matter was then referred to the Commission for Conciliation, Mediation and Arbitration (CCMA), which issued an arbitration award in favour of the employee during March 2025. The SHRA has since referred the matter to the Labour Court for review. As at the date of these financial statements, the matter remains unresolved and under legal review. Due to the uncertainty regarding the final outcome, a reliable estimate of the financial impact of the matter cannot be made.

19. Commitments

| | 2025 R | 2024 R |
|---|----------------------|----------------------|
| Authorised Total Grant Commitments | | |
| Already contracted for but not provided for | | |
| • Consolidated Capital Grant | 3 120 484 546 | 3 499 270 799 |
| • Provincial Institutional Grant | 41 156 679 | 41 156 679 |
| | 3 161 641 225 | 3 540 427 478 |

| | | |
|---|---------------|---------------|
| Total capital commitments | | |
| Already contracted for but not provided for | 3 161 641 225 | 3 540 427 478 |

These commitments relate to contractual arrangements on items that meet project milestones in the investment programme related to social housing projects and disbursements will be from existing cash resources, retained surpluses and future MTEF budget allocations.

| | | |
|---|------------------|------------------|
| Operating leases – as lessee (expense) | | |
| Minimum lease payments due | | |
| – within one year | 1 793 210 | 4 170 874 |
| – in second to fifth year inclusive | – | 1 793 210 |
| | 1 793 210 | 5 964 084 |

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of two years and have an escalation of 8% per year (2024: 8%). No contingent rent is payable.

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20. Related parties

Relationships

Controlling entity

National Department of Human Settlements

Related party transactions

Revenue received from related party

| | | |
|--|-------------|-------------|
| National Department of Human Settlements | 864 090 000 | 897 654 000 |
|--|-------------|-------------|

Remuneration of management

Executive Management Remuneration

| 2025 | | | | |
|--|--------------|-------------------|-------------------------|-----------|
| Name | Basic salary | Expense allowance | Other benefits received | Total |
| Chief Executive Officer: Mr S Luthuli | 1 028 643 | 129 839 | 4 497 | 1 162 979 |
| Acting Chief Executive Officer (Appointed 18 July 2024): Mr L Letsoalo | 1 458 666 | 105 143 | 7 444 | 1 571 253 |
| Corporate Services Manager: Ms L Sithole | 1 035 612 | 45 859 | – | 1 081 471 |
| Acting Corporate Services Manager (Appointed 1 August 2024): Mr V Fakudze | 288 940 | – | 3 351 | 292 291 |
| | 3 811 861 | 280 841 | 15 292 | 4 107 994 |

| 2024 | | | | |
|--|--------------|-------------------|-------------------------|-----------|
| Name | Basic salary | Expense allowance | Other benefits received | Total |
| Chief Executive Officer: Mr S Luthuli | 2 425 840 | 46 550 | 36 883 | 2 509 273 |
| Corporate Services Manager: Ms L Sithole | 1 163 750 | 15 050 | – | 1 178 800 |
| Acting Corporate Services Manager: Mr V Fakudze | 770 507 | 7 500 | 12 745 | 790 752 |
| | 4 360 097 | 69 100 | 49 628 | 4 478 825 |

| 2025 | | | | |
|---|--------------|------------------------------------|-------------------------|-----------|
| Name | Basic salary | Other short-term employee benefits | Other benefits received | Total |
| Chief Risk Officer: Mr V Fakudze | 1 770 457 | 123 676 | – | 1 894 133 |
| Compliance, Accreditation and Regulation Executive: Ms B Van Staden | 1 232 370 | 30 500 | – | 1 262 870 |
| Sector Development & Transformation Executive: Mr D Koekemoer | 1 452 433 | 105 323 | 3 060 | 1 560 816 |
| Project Development & Funding Executive: Mr L Letsoalo | 572 791 | 51 520 | – | 624 311 |
| Project Development & Funding Executive: Mr TC Mafona | 951 956 | 47 453 | – | 999 409 |
| | 5 980 007 | 358 472 | 3 060 | 6 341 539 |

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| 2024 | | | | |
|--|--------------|------------------------------------|-------------------------|-----------|
| Name | Basic salary | Other short-term employee benefits | Other benefits received | Total |
| Chief Risk Officer (Appointed 1 January 2024): Mr V Fakudze | 443 024 | 4 950 | 8 627 | 456 601 |
| Compliance, Accreditation and Regulation Executive: Ms MM Nkopane | 1 726 051 | 17 300 | 483 | 1 743 834 |
| Acting Compliance, Accreditation and Regulations Executive: Ms B Van Staden | 783 654 | 24 550 | – | 808 204 |
| Sector Development & Transformation Executive: Mr D Koekemoer | 1 575 625 | 28 550 | 48 370 | 1 652 545 |
| Project Development & Funding Executive: Mr L Letsoalo | 1 726 326 | 28 550 | 84 246 | 1 839 122 |
| | 6 254 680 | 103 900 | 141 726 | 6 500 306 |

21. Financial instruments disclosure

Categories of financial instruments

| 2025 | | |
|--|-------------------|-------------|
| Financial assets | At amortised cost | Total |
| Trade and other receivables from exchange transactions | 5 388 855 | 5 388 855 |
| Other receivables from non-exchange transactions | 32 800 507 | 32 800 507 |
| Cash and cash equivalents | 785 630 839 | 785 630 839 |
| | 823 820 201 | 823 820 201 |

| Financial liabilities | At amortised cost | Total |
|---|-------------------|------------|
| Trade and other payables from exchange transactions | 45 385 285 | 45 385 285 |

| 2024 | | |
|--|-------------------|-------------|
| Financial assets | At amortised cost | Total |
| Trade and other receivables from exchange transactions | 898 372 | 898 372 |
| Other receivables from non-exchange transactions | 26 724 812 | 26 724 812 |
| Cash and cash equivalents | 785 825 584 | 785 825 584 |
| | 813 448 768 | 813 448 768 |

| Financial liabilities | At amortised cost | Total |
|---|-------------------|------------|
| Trade and other payables from exchange transactions | 45 886 261 | 45 886 261 |

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22. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and abnormal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation. The entity manages liquidity risk through an ongoing review of future commitments and cash flows.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| At 31 March 2025 | Less than 1 year | Total |
|-------------------------------------|------------------|------------|
| Payables from exchange transactions | 45 385 285 | 45 385 285 |

| At 31 March 2024 | Less than 1 year | Total |
|-------------------------------------|------------------|------------|
| Payables from exchange transactions | 45 886 261 | 45 886 261 |

Credit risk

Credit risk consists mainly of cash deposits and cash equivalents. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

No credit limits were exceeded during the reporting period, and management does not expect any surplus (deficit) from non-performance by these counterparties.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument | 2025 | 2024 |
|--|-------------|-------------|
| Cash and cash equivalents | 785 630 839 | 785 825 583 |
| Receivables from exchange transactions | 5 388 855 | 898 372 |
| Receivables from non-exchange transactions | 32 800 507 | 26 724 812 |

Market risk

Interest rate risk

Interest rate risk results from the cash flows and financial performance uncertainty arising from interest rate fluctuations. Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits.

This is a risk that fair value cash flows from financial instruments will fluctuate as a result of changes in the market interest rates. Values in the financial instruments may change thus resulting in both potential gains and losses.

The entity managed the market interest rate risk by keeping the cash in the operating bank account at a minimum in order to maximise interest earned on cash deposits.

The entity has invested any surplus cash in a call account. The interest rate on this account fluctuates in line with movements in current market rates.

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23. Segment information General information Identification of segments

The entity is organised and reports to management on the basis of five major functional areas: Consolidated Capital Grant, Operational Grant, Institutional Grant, Regulations and Residential Rent Relief Programme. No aggregated information is presented for segments each segment is reported separately based on its functions and activities. Management uses these same segments for determining strategic objectives in pursuit of the entity's mandate. All operations are centralised.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The segments were organised around the type of service delivered and the target market, and each segment contributes to the overall achievement of the SHRA's mandate by focusing on delivering specific services aimed at delivering on the main strategic objective as follows:

- Consolidate Capital Grant falls under the Project Development and Funding unit and its mandate is to facilitate the delivery of social housing units through the optimal investment and management of the consolidated capital grant effective deal-making partnerships management (provinces municipalities other government institutions funders and financiers) and transformation of the Construction Sector.
- Operational Grant is used to fund all the operating expenses for the entire organisation, including those incurred in the implementation activities carried out by all other segments. This includes operating expenses, such as compensation for employees, travel and accommodation, amongst others.
- Institutional Grant falls under the Sector Development and Transformation unit and its mandate is to support the growth and development of the Social Housing Sector and to administer the Institutional Investment Grant (IIG). It is responsible for the growth and development of Social Housing Institutions (SHIs) and Other Delivery Agents (ODAs), transformation and empowerment of the Social Housing Sector, assessment of applications for IIGs and the coordination and management thereof.
- Regulations falls under the Compliance, Accreditation and Regulation unit whose mandate is to accredit SHIs and projects and ensure compliance of the sector for the purpose of attracting private investment and to ensure sustainability of the Social Housing Programme. It is responsible for the regulation of social housing, accreditation of SHIs and project and compliance monitoring.
- Residential Rent Relief is the programme that was necessitated by the tough economic conditions brought about by the Covid-19 pandemic which led to scores of citizen, social housing beneficiaries, to lose their source of

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income and thus could not afford rental obligation. The aim of the programme was to provide temporary relief to those negatively affected by the pandemic, and since the end of the pandemic brought about an upswing in economic conditions, albeit minor, has since lead to the end of the programme making the 2024 year end the last of the programme.

| 2025 | | | | | | |
|----------------------------------|----------------------------|-------------------|--------------------------------|-------------|-----------------------------------|-------------|
| Revenue | Consolidated Capital Grant | Operational Grant | Institutional Investment Grant | Regulations | Residential Rent Relief Programme | Total |
| Grants received | 763 051 000 | 69 563 000 | 24 684 000 | 6 792 000 | – | 864 090 000 |
| Interest income | 28 244 682 | 4 370 844 | 5 408 822 | 784 215 | 1 166 | 38 809 729 |
| Other income | 6 075 695 | 796 370 | – | – | – | 6 872 065 |
| Total segment revenue | 797 371 377 | 74 730 214 | 30 092 822 | 7 576 215 | 1 166 | 909 771 794 |
| Entity's revenue | | | | | | 909 771 794 |
| Expenditure | | | | | | |
| Advertising | – | 377 537 | 78 000 | 17 | – | 455 554 |
| Professional fees | – | 7 739 109 | 349 045 | 3 929 780 | – | 12 017 934 |
| Employee costs | – | 43 323 350 | – | – | – | 43 323 350 |
| Programme costs | 803 211 576 | – | 17 270 804 | – | – | 820 482 380 |
| Lease rentals on operating lease | – | 3 939 867 | – | – | – | 3 939 867 |
| Legal expenses | – | 4 126 388 | – | 128 622 | – | 4 255 010 |
| Training and workshops | – | 2 131 487 | 3 243 618 | 245 481 | – | 5 620 586 |
| Travel | – | 1 205 338 | 360 180 | 1 000 067 | – | 2 565 585 |
| Other expenses | – | 14 541 723 | 9 966 | – | – | 14 551 689 |
| Total segment expenditure | 803 211 576 | 77 384 799 | 21 311 613 | 5 303 967 | – | 907 211 955 |
| Total segmental surplus | | | | | | 2 559 839 |

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| 2024 | | | | | | |
|----------------------------------|-------------------------------|----------------------|--------------------------------------|-------------|---|---------------|
| | Consolidated Capital Grant | Operational Grant | Institutional Investment Grant | Regulations | Residential Rent Relief Programme | Total |
| Revenue | | | | | | |
| Grant received | 800 958 000 | 66 573 000 | 23 623 000 | 6 500 000 | – | 897 654 000 |
| Interest income | 51 530 446 | 5 127 476 | 5 409 893 | 953 844 | 17 529 724 | 80 551 383 |
| Other income | – | 79 452 | – | – | – | 79 452 |
| Total segment revenue | 852 488 446 | 71 779 928 | 29 032 893 | 7 453 844 | 17 529 724 | 978 284 835 |
| Entity's revenue | | | | | | 978 284 835 |
| Expenditure | | | | | | |
| Advertising | – | 509 646 | – | 150 444 | – | 660 090 |
| Audit fees | – | 3 062 915 | – | – | – | 3 062 915 |
| Bank charges | – | 32 043 | – | – | – | 32 043 |
| Professional fees | – | 13 808 205 | – | 5 672 029 | – | 19 480 234 |
| Employee costs | – | 40 560 844 | 335 487 | – | – | 40 896 331 |
| Programme costs | 1 030 374 917 | – | 6 509 334 | – | – | 1 036 884 251 |
| Lease rentals on operating lease | – | 4 233 530 | – | – | – | 4 233 530 |
| Legal expenses | – | 2 885 005 | – | 569 464 | – | 3 454 469 |
| Training and workshops | – | 1 286 609 | 2 862 413 | 64 740 | – | 4 213 762 |
| Travel | – | 812 596 | 570 260 | 263 564 | – | 1 646 420 |
| Other expenses | – | 14 124 006 | 47 706 | 13 995 | – | 14 185 707 |
| Total segment expenditure | 1 030 374 917 | 81 315 399 | 10 325 200 | 6 734 236 | – | 1 128 749 752 |
| Total segmental surplus | | | | | | (150 464 917) |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Notes to the Audited Annual Financial Statements

24. Budget differences

Differences between budget and actual amounts basis of preparation and presentation

The budget and accounting basis differ. The financial statements are prepared on the accrual basis using a classification on the nature of expenses in the statement of financial performance. The financial statements differ from the budget which is approved on the cash basis.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget.

The budget is approved on a cash basis by functional classification. The approved budget covers the period from 1 April 2024 to 31 March 2025. The variance on the budget was as a result of the following;

- 24.1 Changes from original budget to final budget: The Council approved the budget and submitted it to the Executive Authority in terms of section 53(1) of the PFMA. The original approved budget was revised in March 2025 following the National Treasury approval of the retention of cash surplus. The CCG budget was adjusted by R40 160 579 to cover projects disbursement for the period, and this adjustment was funded from the approved cash surplus retention. No actual revenue was recognised for this adjustment because the cash was already in the SHRA's bank account and recognised as revenue during their receipts in prior years.
- 24.2 Government Grant: The variance is resultant from the aforementioned budget adjustment that took place towards the end of the financial year. During the last two quarters of the financial year, management revised its cashflow forecast for the remainder of the year in line with CCG disbursements made year-to-date and realised that its annual allocation will be exceeded by the end of the financial year due to the pace at which projects reach their milestones thus requiring a budget adjustment to cover the shortfall. Since the SHRA had applied for and the National Treasury approved the retention of its cash surplus of R737 988 902 per Instruction Note 12 of 2020/2021 (letter dated 22 November 2024) a request for CCG budget adjustment was processed through the internal structures and ultimately approved by the Executive Authority. This adjustment is fully funded from the approved cash surplus retention.
- 24.3 Interest Received: The variance results from the fact that interest is never budgeted for since the organisation's intention is not to earn interest from grant, however interest does accrue to the entity on cash on hand while awaiting disbursements towards the organisation's core mandate.
- 24.4 Other Income: The other income in the current year is significantly higher than the previous year due to recoveries in the current year. The amount included therein for the current year relates to refunds from the Services SETA recovery from Crowie Property Group due to CCG contract withdrawal, as well as recoveries from a service provider. These items are never included in the budget since they do not form part of the SHRA's normal activities.
- 24.5 Compensation for employees: The variance is resultant from various operational factors such as the filling of vacant posts during the year and leave payouts. These posts were not new but rather vacant due to normal staff turnover.
- 24.6 Audit fees: Included under audit fees are payments for both internal and external auditors, and the variance emanated from projects with specific deliverables for the period under review.
- 24.7 Programme costs: The variance in programme costs is attributable to projects and interventions initiated/ approved and disbursed on during the financial year. As noted under changes in budget as well as government grants above the budget adjustment had to be requested, approved and funded under cash surplus retained to fund an accelerated milestone achievements on CCG projects towards delivering on the SHRA mandate. Included under programme cost are IIG related initiatives towards sector development and transformation where initiatives were approved in the current year but have not yet been concluded or achieved milestones that allow for disbursements by the end of the financial year per the contractual requirements for project management and monitoring.
- 24.8 Computer cost: The noted variance is largely attributable to renewal of licenses (particularly Microsoft which is Dollar denoted thus driven by the exchange rates), as well as the Managed Service Provider for the whole IT support unit which was budgeted for under professional fees but is reported under Computer costs (IT support) for ease of business process understanding.

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Notes to the Audited Annual Financial Statements

- 24.9 Legal fees: This variance was largely driven by unforeseen and unavoidable legal disputes and litigation which are inherently difficult to predict. The entity operates in an environment where legal interventions are frequently required. As such, a significant portion of legal costs was beyond the SHRA's direct control, with some matters demanding urgent or prolonged legal support. The higher than anticipated legal expenditure reflects the nature of the operating environment rather than inefficiencies or mismanagement.
- 24.10 Professional fees: During the year, the SHRA reviewed and reprioritised certain initiatives in response to operational efficiencies and strategic shifts. As a result, some consultancy projects were either postponed or re-scoped, leading to reduced reliance on external professional services, thus resulting to the noted underspending for the year.
- 24.11 Travel and subsistence: The noted variance is due to various travel initiatives for project launches and site visits by the management team. Furthermore, the entity had prioritised stakeholder awareness and engagements during the financial year and thus embarked on multiple roadshows managed and administered by the Compliance, Accreditation and Regulations unit (CAR).

25. Irregular or Fruitless and wasteful expenditure

There are no irregular or fruitless and wasteful expenditure identified in current financial year.

26. Comparative figures

Due to the nature of certain expenses, their comparative figures have been reclassified.

The effects of the reclassification are as follows:

Operating expenses

Statement of financial performance – extract

| | Comparative figures previously reported | Reclassification | After reclassification |
|----------------------------|---|--------------------|------------------------|
| Employee cost | 44 578 287 | (5 506 271) | 39 072 016 |
| Defined contribution plan | – | 1 824 315 | 1 824 315 |
| Total Employee Cost | 44 578 287 | (3 681 956) | 40 896 331 |
| Council remuneration | – | 2 083 785 | 2 083 785 |
| Internal IIG – Training | 2 615 591 | 1 598 171 | 4 213 762 |

27. Events after the reporting date

There are no subsequent events between the reporting date and the date financial statements were authorised for issue, that require adjustments or disclosure in the financial statements.

| Revenue from non-exchange transactions | | | |
|--|----|-------------------|-------------------|
| Government grants | 12 | 864 090 000 | 897 654 000 |
| Other income | | | |
| Consolidated Capital Grant recovery | | 6 075 695 | – |
| Gains on disposal of assets | | 4 974 | – |
| Interest received | 16 | 38 809 729 | 80 551 383 |
| Services Provider Recoveries | | 791 396 | 79 452 |
| | | 45 681 794 | 80 630 835 |

Social Housing Regulatory Authority

Audited Annual Financial Statements for the year ended 31 March 2025

Supplementary information: Detailed Income Statement

| | | 2025 R | 2024 R |
|--|----|----------------------|------------------------|
| Operating expenses | | | |
| Administration and management fees | | (1 871) | (2 373) |
| Advertising | | (455 554) | (660 090) |
| Auditors' remuneration – external and internal | | (2 380 262) | (3 062 915) |
| Bank charges | | (40 975) | (32 043) |
| Cleaning | | (178 761) | (204 137) |
| Computer IT and website expenses | | (6 001 640) | (5 786 417) |
| Council remuneration | | (1 722 051) | (2 083 785) |
| Courier | | (19 188) | (28 091) |
| Depreciation and amortisation | | (1 319 964) | (1 359 979) |
| Donations | | (2 457) | – |
| Employee costs | | (43 323 350) | (40 896 331) |
| Impairments | | – | (45 719) |
| Insurance | | (198 572) | (262 681) |
| Lease rentals on operating lease | | (3 939 867) | (4 233 530) |
| Legal expenses | | (4 255 010) | (3 742 572) |
| Motor vehicle expenses | | (102 143) | (106 086) |
| Printing and stationery | | (241 559) | (454 890) |
| Professional fees | | (12 017 934) | (19 480 379) |
| Programme costs | 14 | (820 482 380) | (1 036 884 251) |
| Repairs and maintenance | | (85 211) | (79 041) |
| Research and development costs | | – | (598 000) |
| Small assets | | – | (2 737) |
| Staff welfare | | (244 782) | (324 170) |
| Subscriptions | | (148 069) | (322 109) |
| Telephone and fax | | (727 411) | (1 191 688) |
| Training | | (5 620 586) | (4 213 762) |
| Travel – local | | (2 565 585) | (1 646 420) |
| Utilities | | (1 136 773) | (1 045 556) |
| | | (907 211 955) | (1 128 749 752) |
| Surplus/(Deficit) for the year | | 2 559 839 | (150 464 917) |

This detailed income statement forms part of supplementary information and is unaudited.

ANNEXURE A: LIST OF ACTIVE PROJECTS

| Year Approved | Grant Recipient | Project Name | No. of Units | Project Type | Project Status | Province | Total Grant (R'000) |
|---------------|----------------------------|--------------------------|--------------|--------------|----------------------------|----------|---------------------|
| 2011/12 | FRESHCO | Brandwag Ph 2 | 495 | Greenfield | On hold | FS | 118 981 |
| 2012/13 | Capital City Housing | Aloe Ridge | 952 | Greenfield | Completed with challenges | KZN | 228 860 |
| 2012/13 | JOSHCO | City Deep Ph 3 | 328 | Greenfield | Completed with challenges | GP | 60 226 |
| 2013/14 | JOSHCO | Dobsonville | 502 | Greenfield | Completed with challenges | GP | 63 059 |
| 2014/15 | QHAMA | Steve Biko Mumford | 220 | Brownfield | Construction and Tenanting | EC | 63 044 |
| 2014/15 | FRESHCO | Brandwag Ph 3 | 154 | Greenfield | On hold | FS | 54 714 |
| 2014/15 | Instratin | Devland Gardens | 870 | Greenfield | Construction and Tenanting | GP | 215 918 |
| 2014/15 | Instratin | Matiosana Gardens | 1 168 | Greenfield | Tenanting | NW | 303 517 |
| 2015/16 | Ekurhuleni Housing Co. | Delville | 88 | Greenfield | Completed with challenges | GP | 12 562 |
| 2015/16 | Ekurhuleni Housing Co. | Germiston Firestation | 150 | Greenfield | Completed with challenges | GP | 19 480 |
| 2015/16 | JOSHCO | Devland/Golden Highway | 444 | Greenfield | Construction and Tenanting | GP | 55 773 |
| 2015/16 | JOSHCO | Plein Street | 210 | Brownfield | Completed | GP | 26 851 |
| 2015/16 | Gabonewe Housing | Frischgewaagd Farm | 801 | Greenfield | Planning | NW | 100 618 |
| 2016/17 | Golden West | Westonaria Borwa | 582 | Greenfield | On hold | GP | 154 781 |
| 2016/17 | Housing Company Tshwane | Townlands Ph 2 | 509 | Greenfield | Construction | GP | 138 379 |
| 2016/17 | Housing Company Tshwane | Townlands Ph 1 | 691 | Greenfield | Construction | GP | 187 860 |
| 2016/17 | Urbanscape | 301 Marshalltown | 42 | Brownfield | Tenanting | GP | 11 170 |
| 2016/17 | Arrow Creek | Mogale Junction Ph 1 & 2 | 1 590 | Greenfield | Construction and Tenanting | GP | 334 029 |
| 2017/18 | DCI Holdings | Goodwood Station | 1 055 | Greenfield | Planning | WC | 303 984 |
| 2017/18 | DCI Holdings | Heideveld | 180 | Greenfield | Planning | WC | 47 870 |
| 2017/18 | Kenso | Hillside View | 839 | Greenfield | Tenanting | FS | 178 529 |
| 2017/18 | Instratin | Carnival Gardens | 888 | Greenfield | Construction and Tenanting | GP | 251 728 |
| 2017/18 | Toro Ya Afrika | Garankuwa | 1 592 | Greenfield | Construction | GP | 449 881 |
| 2018/19 | YG Property Investments | Kempton Village | 312 | Greenfield | Completed | GP | 95 761 |
| 2018/19 | The Housing Hub | Mohlakeng | 1 080 | Greenfield | Construction and Tenanting | GP | 312 549 |
| 2018/19 | Ekurhuleni Housing Company | Clayville (EKHC) | 452 | Greenfield | Construction | GP | 122 884 |
| 2018/19 | JOSHCO | Turffontein Gardens | 504 | Greenfield | Completed | GP | 137 021 |
| 2018/19 | Imizi | John Street | 385 | Greenfield | Tenanting | EC | 133 237 |

| Year Approved | Grant Recipient | Project Name | No. of Units | Project Type | Project Status | Province | Total Grant (R'000) |
|---------------|-------------------------------|----------------------------|--------------|--------------|----------------------------|----------|---------------------|
| 2018/19 | Communicare | Bothasig Gardens P3 | 314 | Greenfield | Tenancing | WC | 90 871 |
| 2018/19 | Polokwane Housing Association | Ga Rena (Annandale) | 494 | Greenfield | Construction and Tenancing | LP | 134 302 |
| 2018/19 | Instratin | Bridge City (Instratin) | 1 130 | Greenfield | Construction | KZN | 307 210 |
| 2018/19 | Kertrade 24 (Pty) Ltd | Madison Loft | 100 | Acquisition | Tenancing | GP | 27 187 |
| 2019/20 | Buhlebezwe Property | Hospital Street | 1 056 | Greenfield | Construction | KZN | 305 608 |
| 2019/20 | GNI - Jeppe's Town | Unity House | 95 | Brownfield | Tenancing | GP | 25 975 |
| 2019/20 | Povicom | Regent Villas Ph 2 | 60 | Greenfield | Construction | WC | 17 351 |
| 2019/20 | Let's Care | Sondela Village Ph 2 | 177 | Greenfield | Tenancing | GP | 51 498 |
| 2019/20 | SASIH | Hull Street | 372 | Greenfield | Construction | NC | 101 135 |
| 2019/20 | Jidmac | Fochville Ext 11 | 258 | Greenfield | Tenancing | GP | 74 664 |
| 2019/20 | Own Haven Housing Association | Conradie Park Ph 1 | 432 | Greenfield | Completed | WC | 142 945 |
| 2019/20 | Goven Mbeki Housing Co. | Kwandokuhle | 492 | Greenfield | Planning | MP | 133 759 |
| 2019/20 | Mzansi Housing | Willow Creek | 360 | Greenfield | On hold | MP | 99 564 |
| 2020/21 | Jidmac | Fochville Ext 8 | 256 | Greenfield | Tenancing | GP | 69 598 |
| 2020/21 | YG Property Investments | Kempton Towers | 240 | Greenfield | Tenancing | GP | 69 455 |
| 2020/21 | Madulammoho | Maitland Mews | 204 | Greenfield | Construction | WC | 68 057 |
| 2020/21 | Bokone Social Housing | Thlabane West | 700 | Greenfield | Planning | NW | 202 578 |
| 2020/21 | Ekurhuleni housing company | Germiston Firestation Ph 2 | 152 | Greenfield | Construction and Tenancing | GP | 41 324 |
| 2020/21 | Crowie Property Group | Bridge City | 738 | Greenfield | Planning | KZN | 200 638 |
| 2021/22 | Instratin | Midrand Heights | 305 | Greenfield | Planning | GP | 82 919 |
| 2021/22 | Instratin | Mountain Ridge Gardens | 362 | Greenfield | Planning | WC | 98 416 |
| 2021/22 | SA Corporate Real Estate | North Park Mall | 133 | Brownfield | Tenancing | GP | 36 158 |
| 2021/22 | Bridgeport No 105 | Grand Central Towers | 990 | Greenfield | Construction | GP | 269 148 |
| 2021/22 | Siyakhela Imizi | Betty Street | 227 | Brownfield | Planning | GP | 61 714 |
| 2021/22 | Azaad Aswat | Boston House | 86 | Brownfield | Planning | GP | 23 381 |
| 2022/23 | Own Haven Housing Association | Conradie Park Ph 2 | 659 | Greenfield | Planning | WC | 216 605 |
| 2022/23 | GNI | Benoni Heights | 210 | Brownfield | Planning | GP | 69 024 |
| 2022/23 | JOSHCO | Riverside | 1 108 | Greenfield | Planning | GP | 364 185 |

| Year Approved | Grant Recipient | Project Name | No. of Units | Project Type | Project Status | Province | Total Grant (R'000) |
|---------------|-----------------|---------------------|--------------|--------------|----------------|----------|---------------------|
| 2022/23 | JOSHCO | Lufhereng | 347 | Greenfield | Planning | GP | 114 054 |
| 2022/23 | JOSHCO | Princess Plots | 333 | Greenfield | Planning | GP | 109 453 |
| 2022/23 | Yapovu NPC | Selby House | 356 | Brownfield | Planning | GP | 117 013 |
| 2022/23 | Povicom | Regent Villas Ext 2 | 110 | Greenfield | Planning | WC | 36 156 |



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