

# DEPARTMENT OF HUMAN SETTLEMENTS

Vote 30, Annual Report  
for the year ended 31 March 2011

RP93/2011

ISBN 978-0-621-40113-4

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 30:  
NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS**

**Compliance with laws and regulations**

**Annual financial statements, performance and annual reports**

21. The accounting officer submitted financial statements for auditing that were not prepared in all material aspects in accordance with generally recognised accounting framework prescribed by the National Treasury, as required by sections 40(1)(a) and (b) of the PFMA. The material misstatements identified by the AGSA with regard to the disclosure items were subsequently corrected.

**Expenditure management**

22. The accounting officer did not take effective and/or appropriate steps to prevent irregular expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA and TR 9.1.1.

23. Payments due to creditors were not always settled within 30 days from receipt of an invoice as per the requirements of section 38(1)(f) of the PFMA and TR 8.2.3.

**Procurement and contract management**

24. Invitations for competitive bidding were not advertised for a minimum period of 21 days as per the requirements of TR 16A6.3(c).

25. The evaluation criteria and system to be used in awarding preference points for the procurement were not specified in the bidding documents, nor did it specify the maximum points to be awarded for Historically Disadvantaged Individual ("HDI"), as required by section 7 of the Preferential Procurement Policy Framework, 2000 (Act No. 5 of 2000).

**Transfer of funds and/or conditional grants**

26. The accounting officer did not complete and submit to the National Treasury, the compliance certificate as required by section 10(1)(a) of Division of Revenue Act, 2010 (Act No 1 of 2010) (DoRA) by 15 April 2011, in respect of the Rural Household Infrastructure grant.

**INTERNAL CONTROL**

27. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance Report and the findings on compliance with laws and regulations included in this report.

**Leadership**

28. The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance with laws and regulations and related internal controls.

**Financial and performance management**

29. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

30. Management did not review and monitor compliance laws and regulations.

*Auditor-General*

31 July 2011



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

Appropriation per Programme									
Appropriation Statement	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
<b>1. Administration</b>									
Current payment	197 289	(994)	9 191	205 486	180 232	25 254	87.7%	159 053	109 578
Transfers and subsidies	-	5	-	5	5	-	100.0%	140	135
Payment for capital assets	14 708	989	-	15 697	8 340	7 357	53.1%	8 577	4 136
Payment for financial assets	-	-	-	-	-	-	-	-	-
	211 997	-	9 191	221 188	188 577	32 611	-	167 770	113 849
<b>2. Housing Policy Research and Monitoring</b>									
Current payment	47 038	(664)	(3 815)	42 559	31 903	10 656	75.0%	65 499	44 651
Transfers and subsidies	6	210	-	216	204	12	94.4%	-	-
Payment for capital assets	642	454	-	1 096	529	567	48.3%	1 676	320
Payment for financial assets	-	-	-	-	-	-	-	-	-
	47 686	-	(3 815)	43 871	32 636	11 235	-	67,175	44,971
<b>3. Housing Planning and Delivery Support</b>									
Current payment	165 774	(31 680)	(17 759)	116 335	101 078	15 257	86.9%	159,024	90,782
Transfers and subsidies	4 000	5 855	-	9 855	9 837	18	99.8%	7 064	7 012
Payment for capital assets	55 447	25 825	(266)	81 006	47 460	33 546	58.6%	3 418	795
Payment for financial assets	-	-	-	-	-	-	-	-	-
	225 221	-	(18 025)	207 196	158 375	48 821	-	169 506	98 589
<b>4. Housing Development Finance</b>									
Current payment	59 965	(1 125)	(16 400)	42 440	40 283	2 157	94.9%	50 914	41 046

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

Appropriation per programme									
2010/11							2009/10		
Appropriation Statement	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Transfers and subsidies	15 487 756	1 005	41 600	15 530 361	15 522 627	7 734	100.0%	12 981 436	12 944 894
Payment for capital assets	101 474	120	-	101 594	62 071	39 523	61.1%	1 345	358
Payment for financial assets	-	-	-	-	-	-	-	-	-
	15 649 195	-	25 200	15 674 395	15 624 981	49 414		13 033 695	12 986 298
<b>5. Strategic Relations and Governance</b>									
Current payment	154 397	(638)	(12 006)	141 753	85 788	55 965	60.5%	161 047	124 999
Transfers and subsidies	1 000	1	-	1 001	684	317	68.3%	1 529	911
Payment for capital assets	2 263	637	(545)	2 355	912	1 443	38.7%	4 083	744
Payment for financial assets	-	-	-	-	-	-	-	-	-
	157 660	-	(12 551)	145 109	87 384	57 725	-	166 659	126 654
<b>Subtotal</b>	<b>16 291 759</b>	<b>-</b>	<b>-</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>	<b>98.8%</b>	<b>13 604 805</b>	<b>13 370 361</b>
<b>Statutory Appropriation</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>16 291 759</b>	<b>-</b>	<b>-</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>	<b>98.8%</b>	<b>13 604 805</b>	<b>13 370 361</b>
<b>TOTAL (brought forward)</b>									

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

Appropriation per programme									
2010/11							2009/10		
Appropriation Statement	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Reconciliation with Statement of Financial Performance</b>									
<b>ADD</b>									
Departmental receipts				2 826				749	-
Direct Exchequer receipts				-				-	-
Aid assistance				1 798				-	-
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>16 296 383</b>				<b>13 605 554</b>	-
<b>ADD</b>									
Aid assistance					1 798			-	1 463
Direct Exchequer payments									
Prior year unauthorised expenditure approved without funding									
<b>Actual amounts per statement of financial performance (total expenditure)</b>				-	<b>16 093 751</b>			-	<b>13 371 824</b>

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

Appropriation per economic classification									
2010/11							2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	289 006	(11 406)	(37 505)	240 095	216 455	23 640	90.2%	185 438	156 414
Goods and services	334 972	(24 204)	(3 250)	307 518	222 457	85 061	72.3%	409 499	254 173
Interest and rent on land	485	300	(34)	751	173	578	23.0%	357	250
<b>Transfers and subsidies</b>									
Provinces and municipalities	15 175 563	-	-	15 175 563	15 175 563	-	100.0%	12 592 276	12 592 276
Departmental agencies and accounts	312 193	-	41 600	353 793	346 193	7 600	97.9%	389 075	352 613
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	1 000	-	-	1 000	684	316	68.4%	1 000	745
Public corporations and private enterprises	-	-	-	-	-	-	-	109	108
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4 006	7 076	-	11 082	10 917	165	98.5%	7 709	7 210
Gifts and donations	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>									
Buildings and other fixed structures	153 060	24 880	-	177 940	108 559	69 381	61.0%	152	-
Machinery and equipment	18 831	3 001	(729)	21 103	10 383	10 720	49.2%	16 390	5 724
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	2 643	144	(82)	2 705	370	2 335	13.7%	2 554	626
<b>Payments for financial assets</b>									
	-	209	-	209	199	10	95.2%	246	222
<b>Total</b>	<b>16 291 759</b>	<b>-</b>	<b>-</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>	<b>98.8%</b>	<b>13 604 805</b>	<b>13 370 361</b>

146

**DETAIL PER PROGRAMME 1 ADMINISTRATION**  
for the year ended 31 March 2011

Programme 1: Administration Detail per sub-programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>1.1 Minister</b>									
Current payment	1 816	9	-	1 825	1 825	-	100.0%	1 729	1 718
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>1.2 Deputy Minister</b>									
Current payment	1 496	358	-	1 854	1 840	14	99.2%	1 275	1 275
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>1.3 Management</b>									
Current payment	83 212	(745)	17 540	100 007	87 774	12 233	87.8%	74 428	54 895
Transfers and subsidies	-	5	-	5	5	-	100.0%	135	130
Payment for capital assets	2 609	407	-	3 016	1 130	1 886	37.5%	3 288	2 068
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>1.4 Corporate Services</b>									
Current payment	86 244	(616)	(8 349)	77 279	65 667	11 612	85.4%	72 071	47 614
Transfers and subsidies	-	-	-	-	-	-	-	5	5



**DETAIL PER PROGRAMME 1 ADMINISTRATION**  
for the year ended 31 March 2011

Programme 1: Administration Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Payment for capital assets	12 099	582	-	12 681	7 210	5 471	56.9%	5 289	2 068
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>1.5 Office accommodation</b>									
Current payment	24 521	-	-	24 521	23 126	1 395	94.3%	9 550	4 076
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>211 997</b>	<b>-</b>	<b>9 191</b>	<b>221 188</b>	<b>188 577</b>	<b>32 611</b>	<b>85.3%</b>	<b>167 770</b>	<b>113 849</b>

**DETAIL PER PROGRAMME 1 ADMINISTRATION**  
for the year ended 31 March 2011

Appropriation per economic classification									
2010/11								2009/10	
Programme 1: Administration Per Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Ap- propriation R'000	Actual Expendi- ture R'000	Variance R'000	Expendi- ture as % of Final Ap- propriation	Final Ap- propriation R'000	Actual Expendi- ture R'000
<b>Current payments</b>									
Compensation of employees	93 119	(2 684)	(12 437)	77 998	73 423	4 575	94.1%	63 073	55 146
Goods and services	103 985	1 513	21 628	127 126	106 674	20 452	83.9%	95 610	54 166
Interest and rent on land	185	96		281	62	219	22.1%	201	116
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	109	108
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	5	-	5	5	-	100.0%	31	27
Gifts and donations	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	-	152	-
Machinery and equipment	12 418	989	-	13 407	8 169	5 238	60.9%	7 580	3 800
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-

**DETAIL PER PROGRAMME 1 ADMINISTRATION**  
for the year ended 31 March 2011

Appropriation per economic classification									
2010/11								2009/10	
Programme 1: Administration Per Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Ap- propriation R'000	Actual Expendi- ture R'000	Variance R'000	Expendi- ture as % of final appropriation %	Final Ap- propriation R'000	Actual Expendi- ture R'000
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	2 290	-	-	2 290	171	2 119	7.5%	846	336
<b>Payments for financial assets</b>	-	81	-	81	73	8	90.1%	168	150
<b>Total</b>	<b>211 997</b>	<b>-</b>	<b>9 191</b>	<b>221 188</b>	<b>188 577</b>	<b>32 611</b>	<b>85.3%</b>	<b>167 770</b>	<b>113 849</b>

**DETAIL PER PROGRAMME 2 HOUSING POLICY, RESEARCH AND MONITORING**  
for the year ended 31 March 2011

Programme 2: Housing Policy, Research and Monitoring Detail per sub-programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Ap- propria- tion R'000	Actual Expendi- ture R'000	Variance R'000	Expendi- ture as % of Final Ap- propria- tion	Final Ap- propria- tion R'000	Actual Expendi- ture R'000
<b>2.1 Management</b>									
Current payment	2 603	(29)	-	2 574	2 366	208	91.9%	2 159	1 657
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	16	29	-	45	28	17	62.2%	55	21
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>2.2 Policy Development</b>									
Current payment	9 903	(190)	(315)	9 398	7 459	1 939	79.4%	9 636	7 237
Transfers and subsidies	-	190	-	190	189	1	99.5%	-	-
Payment for capital assets	338	-	-	338	113	225	33.4%	335	94
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>2.3 Research</b>									
Current payment	15 334	(50)	(3 500)	11 784	7 648	4 136	64.9%	10 063	5 095
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	88	50	-	138	37	101	26.8%	609	69
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>2.4 Monitoring and Evaluation</b>									
Current payment	19 198	(395)	-	18 803	14 430	4 373	76.7%	43 641	30 662
Transfers and subsidies	6	20	-	26	15	11	57.7%	-	-
Payment for capital assets	200	375	-	575	351	224	61.0%	677	136
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>47 686</b>	<b>-</b>	<b>(3 815)</b>	<b>43 871</b>	<b>32 636</b>	<b>11 235</b>	<b>74.4%</b>	<b>67 175</b>	<b>44 971</b>

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**DETAIL PER PROGRAMME 2 HOUSING POLICY, RESEARCH AND MONITORING**  
for the year ended 31 March 2011

2010/11								2009/10	
Programme 2: Housing Policy, Research And Monitoring Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	35	-	-	35	-	35	-	310	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	2	2
<b>Total</b>	<b>47 686</b>	<b>-</b>	<b>(3 815)</b>	<b>43 871</b>	<b>32 636</b>	<b>11 235</b>	<b>74.4%</b>	<b>67 175</b>	<b>44 971</b>

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**DETAIL PER PROGRAMME 3 HOUSING PLANNING AND DELIVERY SUPPORT**  
for the year ended 31 March 2011

Programme 3: Housing Planning And Delivery Support Detail per sub-programme	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Ap- propriation R'000	Actual Ex- penditure R'000	Variance R'000	Expendi- ture as % of final ap- propriation %	Final Ap- propriation R'000	Actual Expend- iture R'000
<b>3.5 Capacity Development</b>									
Current payment	23 877	(5 710)	-	18 167	17 632	535	97.1%	26 561	24 434
Transfers and subsidies	4 000	5 664	-	9 664	9 646	18	99.8%	7 034	6 988
Payment for capital assets	130	520	-	650	185	465	28.5%	437	81
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.6 Priority Projects</b>									
Current payment	10 527	(1 419)	(3 973)	5 135	2 976	2 159	58.0%	58 251	3 665
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	80	45	(27)	98	28	70	28.6%	342	231
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.7 Human Settlement Planning</b>									
Current payment	12 102	(301)	(2 050)	9 751	7 919	1 832	81.2%	7 544	6 643
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	75	300	(150)	225	52	173	23.1%	264	172
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.8 Sanitation Services</b>									
Current payment	69 354	(24 960)	(4 000)	40 394	38 211	2 183	94.6%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	53 763	24 960	-	78 723	47 042	31 681	59.8%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>225 221</b>	<b>-</b>	<b>(18 025)</b>	<b>207 196</b>	<b>158 375</b>	<b>48 821</b>	<b>76.4%</b>	<b>169 506</b>	<b>98 589</b>



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**DETAIL PER PROGRAMME 3 HOUSING PLANNING AND DELIVERY SUPPORT**  
for the year ended 31 March 2011

Appropriation per economic classification									
2010/11							2009/10		
Programme 3: Housing Planning And Delivery Support Detail per Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	25	-	-	25	-	25	-	376	-
<b>Payments for financial assets</b>	-	122	-	122	120	2	98.4%	20	20
<b>Total</b>	<b>225 221</b>	<b>-</b>	<b>(18 025)</b>	<b>207 196</b>	<b>158 375</b>	<b>48 821</b>	<b>76.4%</b>	<b>169 506</b>	<b>98 589</b>

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**DETAIL PER PROGRAMME 4 HOUSING DEVELOPMENT FINANCE**  
for the year ended 31 March 2011

2010/11							2009/10		
Programme 4: Housing Development Finance Detail per sub-program	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>4.5 Contribution</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	312 193	-	41 600	353 793	346 193	7 600	97.9%	389 075	352 613
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.6 Rural Households Infrastructure Development</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	100 000	-	-	100 000	61 614	38 386	61.6%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.7 Housing Disaster Relief Grant</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	133 800	-	-	133 800	133 800	-	100.0%	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15 649 195</b>	<b>-</b>	<b>25 200</b>	<b>15 674 395</b>	<b>15 624 981</b>	<b>49 414</b>	<b>99.7%</b>	<b>13 033 695</b>	<b>12 986 298</b>

## DETAIL PER PROGRAMME 4 HOUSING DEVELOPMENT FINANCE

[illegible]

**DETAIL PER PROGRAMME 4 HOUSING DEVELOPMENT FINANCE**  
for the year ended 31 March 2011

Appropriation per economic classification									
2010/11								2009/10	
Programme 4: Housing Development Finance Detail per economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Ap- propriation R'000	Actual Ex- penditure R'000	Variance R'00	Expendi- ture as % of final appropri- ation %	Final Appropri- ation R'000	Actual Ex- penditure R'000
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	140	79	-	219	119	100	54.3%	36	36
<b>Payments for financial assets</b>	-	5	-	5	5	-	100.0%	23	22
<b>Total</b>	<b>15 649 195</b>	<b>-</b>	<b>25 200</b>	<b>15 674 395</b>	<b>15 624 981</b>	<b>49 414</b>	<b>99.7%</b>	<b>13 033 695</b>	<b>12 986 298</b>

**DETAIL PER PROGRAMME 5 STRATEGIC RELATIONS AND GOVERNANCE**  
for the year ended 31 March 2011

2010/11										2009/10							
Programme 5: Strategic Relations and Governance Detail per sub-programme										Expendi- ture as % of Final Appropri- ation	Final Ap- propria- tion R'000	Actual Expendi- ture R'000					
Adjusted Appropri- ation R'000										Shifting of Funds R'000	Virement R'000	Final Ap- propria- tion R'000	Actual Ex- penditure R'000	Variance R'00			
5.1 Management																	
Current payment										450	(990)	3 558	1 814	1 744	51.0%	3 418	2 693
Transfers and subsidies										-	-	-	-	-	-	-	-
Payment for capital assets										-	(10)	40	17	23	42.5%	109	-
Payment for financial assets										-	-	-	-	-	-	-	-
5.2 Management Information Services																	
Current payment										(147)	(11 845)	43 748	27 577	16 171	63.0%	70 691	58 467
Transfers and subsidies										1	-	1	-	1	-	-	-
Payment for capital assets										147	(156)	1 008	491	517	48.7%	1 107	338
Payment for financial assets										-	-	-	-	-	-	-	-
5.3 Inter-Governmental and International Relations																	
Current payment										(500)	-	14 710	6 993	7 717	47.5%	15 061	7 586
Transfers and subsidies										-	-	-	-	-	-	363	-
Payment for capital assets										50	-	210	51	159	24.3%	260	74
Payment for financial assets										-	-	-	-	-	-	-	-
5.4 Communication																	
Current payment										(400)	(7 689)	33 164	20 787	12 377	62.7%	46 109	37 956

**DETAIL PER PROGRAMME 5 STRATEGIC RELATIONS AND GOVERNANCE**  
for the year ended 31 March 2011

2010/11										2009/10								
Programme 5: Strategic Relations And Governance Detail per sub-programme										Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'00	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Transfers and subsidies Payment for capital assets Payment for financial assets										-	-	-	-	-	-	-	166	166
										572	400	(311)	661	244	417	36.9%	635	193
										-	-	-	-	-	-	-	-	-
5.5 Housing Institutions										23 163	(1)	(5 931)	17 231	10 141	7 090	58.9%	14 179	8 910
Current payment										-	-	-	-	-	-	-	-	-
Transfers and subsidies										-	-	-	-	-	-	-	-	-
Payment for capital assets										257	-	(68)	189	49	140	25.9%	349	57
Payment for financial assets										-	-	-	-	-	-	-	-	-
5.6 Strategic Management										8 275	-	14 449	22 724	12 692	10 032	55.9%	5 584	3 842
Current payment										-	-	-	-	-	-	-	-	-
Transfers and subsidies										-	-	-	-	-	-	-	-	-
Payment for capital assets										197	-	-	197	41	156	20.8%	826	38
Payment for financial assets										-	-	-	-	-	-	-	-	-
5.7 Transformation										6 658	(40)	-	6 618	5 784	834	87.4%	6 005	5 545
Current payment										-	-	-	-	-	-	-	-	-
Transfers and subsidies										-	-	-	-	-	-	-	-	-
Payment for capital assets										10	40	-	50	19	31	38.0%	797	44



**DETAIL PER PROGRAMME 5 STRATEGIC RELATIONS AND GOVERNANCE**  
for the year ended 31 March 2011

Programme 5: Strategic Relations And Governance Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'00	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.8 Contributions</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 000	-	-	1 000	684	316	68.4%	1 000	745
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>157 660</b>	<b>-</b>	<b>(12 551)</b>	<b>145 109</b>	<b>87 384</b>	<b>57 725</b>	<b>60.2%</b>	<b>166 659</b>	<b>126 654</b>

**DETAIL PER PROGRAMME 5 STRATEGIC RELATIONS AND GOVERNANCE**  
for the year ended 31 March 2011

Appropriation per economic classification									
2010/11							2009/10		
Programme 5: Strategic Relations and Governance Detail per economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	54 895	(484)	(4 470)	49 941	39 282	10 659	78.7%	38 821	32 268
Goods and services	99 302	(115)	(7 536)	91 651	46 470	45 181	50.7%	122 158	92 668
Interest and rent on land	200	(40)	-	160	35	125	21.9%	36	35
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	1 000	-	-	1 000	684	316	68.4%	1 000	745
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	1	-	1	-	1	-	529	166
Gifts and donations	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 110	572	(463)	2 219	832	1 387	37.5%	3 096	490
Heritage assets	-	-	-	-	-	-	-	-	-

**DETAIL PER PROGRAMME 5 STRATEGIC RELATIONS AND GOVERNANCE**  
for the year ended 31 March 2011

Appropriation per economic classification									
2010/11								2009/10	
Program 5: Strategic Relations And Governance Detail per economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Ap- propriation R'000	Actual Ex- penditure R'000	Variance R'00	Expendi- ture as % of final ap- propria- tion %	Final Ap- propriation R'000	Actual Expendi- ture R'000
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	153	65	(82)	136	80	56	58.8%	986	254
<b>Payments for financial assets</b>	-	1	-	1	1	-	100.0%	33	28
<b>Total</b>	<b>157 660</b>	<b>-</b>	<b>(12 551)</b>	<b>145 109</b>	<b>87 384</b>	<b>57 725</b>	<b>60.2%</b>	<b>166 659</b>	<b>126 654</b>

**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

**1. Detail of transfers and subsidies as per Appropriation Act (after virement):**

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

**2. Detail of specifically and exclusively appropriated amounts voted (after virement):**

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

**3. Detail on payments for financial assets**

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

**4. Explanations of material variances from Amounts Voted (after virement):**

4.1 Per Programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
Administration	221 188	188 577	32 611	14.74%
Housing Policy, Research and Monitoring	43 871	32 636	11 235	25.61%
Housing Planning and Delivery Support	207 196	158 375	48 821	23.56%
Housing Development Finance	15 674 395	15 624 981	49 414	0.32%
Strategic Relations and Governance	145 109	87 384	57 725	39.78%
<b>Total</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>	<b>1.23%</b>

**Administration**

Underspending is as a result of funds provided for legal advisory services not utilised (either to State Attorney and/or private practices), delay in securing of an additional building, which resulted in the funds provided for leasing, refurbishment of offices, the moving of staff and the acquiring of furniture not being utilised and the non-availability of additional office space resulted in the non-filling of vacancies and costs associated with posts were also not incurred.

**Housing Policy, Research and Monitoring**

Savings can be attributed to the cost-cutting measures reducing travel and subsistence and other administration costs. Underspending in the programme can also be attributed to personnel and personnel-related costs owing to vacancies experienced throughout the year as a result of staff turnover.

**Housing Planning and Delivery Support**

Underspending in the Programme is as a result of delays in the implementation of the Accelerated Community Infrastructure Programme (ACIP). The implementation in certain municipalities was delayed. Due to compliance issues and procurement processes projects were delayed. Another contributing factor is that the programme expenditure was also affected by cost saving measures introduced which resulted in travel and subsistence expenditure and other administration costs as well as costs associated to the non-filling of vacancies throughout the branch.

**Housing Development Finance**

Underspending can be attributed to delays in the implementation of projects on the Rural Household Infrastructure Grant. The procurement processes delayed the finalisation of appointing service providers. By the

**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

end of the financial year some of the work was completed, but due to verification processes to be followed, the implementing agents were not able to provide the Department with invoices before the end of the financial year. Another contributing factor is the late approval by National Treasury of R7.6 million virement for Servcon which the Department could not transfer to Servcon. The non-availability of additional office space resulted in the non-filling of vacancies and costs associated with posts could also not be incurred.

#### **Strategic Relations and Governance**

Underspensing can mainly be attributed to delays in appointing service providers to maintain and render the necessary support to provinces on the HSS. SITA terminated the agreement with the Department and indicated that they are not willing to renew the contract. The Department had to advertise a bid to appoint a panel of service providers who will render the necessary support to provinces on the HSS. The bid did not yield good results and subsequently the Department approached SITA as an interim arrangement to assist the Department. Another contributing factor is the cost-savings measures that resulted in a reduction in foreign visits and the curtailment of media campaigns. Another contributing factor to the underspensing was the delay in finalising the turnaround strategy development for the Department. The delay was caused by the complexity of the human settlement environment and the alignment of the plan to ensure proper service delivery.

<b>4.2 Per economic classification</b>	<b>Final Appropriation R'000</b>	<b>Actual Expenditure R'000</b>	<b>Variance R'000</b>	<b>Variance as a % of Final Appropriation R'000</b>
<b>Current payments</b>				
Compensation of employees	240 095	216 455	23 640	9.85%
Goods and services	307 518	222 457	85 061	27.66%
Interest and rent on land	751	173	578	76.96%
Unauthorised expenditure approved	-	-	-	-
<b>Transfers and subsidies</b>				
Provinces and municipalities	15 175 563	15 175 563	-	0.00%
Departmental agencies and accounts	353 793	346 193	7 600	2.15%
Public corporations and private enterprises	1 000	684	316	31.60%
Foreign governments and international organisations	-	-	-	-
Non-profit institutions	-	-	-	0.00%
Households	11 082	10 917	165	1.49%
Gifts and donations	-	-	-	-
<b>Payments for capital assets</b>				
Buildings and other fixed structures	177 940	108 559	69 381	38.99%
Machinery and equipment	21 103	10 383	10 720	50.80%
Heritage asset	-	-	-	0.00%
Specialised military assets	-	-	-	0.00%
Biological assets	-	-	-	0.00%
Land and subsoil assets	-	-	-	0.00%
Software and other intangible assets	2 705	370	2 335	86.32%
<b>Payments for financial assets</b>	<b>209</b>	<b>199</b>	<b>10</b>	<b>4.78%</b>
<b>Total</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>	<b>1.23%</b>

**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

**Current expenditure**

Underspending is the result of funds provided for legal advisory services not utilised (either to State Attorney and/or private practices), delay in securing an additional building, which resulted in the funds provided for leasing, refurbishment of offices, associated with posts not incurred. Another contributing factor is delays in appointing service providers to maintain and render the necessary support to provinces on the HSS. SITA terminated the agreement with the Department and indicated that they are not willing to renew the contract. The Department had to advertise a bid to appoint a panel of service providers who will render the necessary support to provinces on the HSS. The bid did not yield good results and subsequently the Department approached SITA as an interim arrangement to assist the Department. Another contributing factor is the cost-savings measures that resulted in a reduction in foreign visits and curtailment of media campaigns. Another contributing factor to the underspending was the delay in finalising the turnaround strategy development for the Department.

**Transfers and subsidies**

Another contributing factor is the late approval by National Treasury of R7.6 million for Servcon which the Department could not transfer to Servcon. On foreign governments & international organisations the underspending is due to the strengthening of the Rand which resulted in the Department paying less for foreign currency than anticipated.

**Buildings and other fixed structures**

Underspending is the result of delays in the implementation of the Accelerated Community Infrastructure Programme (ACIP). The implementation in certain municipalities was delayed. Due to compliance issues and procurement processes, projects were delayed. Another contributing factor is delays in the implementation of projects on the Rural Household Infrastructure Grant. The procurement processes delayed the finalisation of appointing service providers. By the end of the financial year some of the work was completed, but due to verification processes to be followed the implementing agents were not able to provide the Department with invoices before the end of the financial year.

**Machinery and equipment**

Underspending is as a result of the delay in securing an additional building, which resulted in funds provided for the acquiring of furniture not being utilised.

**Software & other intangible assets**

Underspending is the result of a delay in the renewal of Microsoft licences, due to outstanding documents from SITA.

**STATEMENT OF THE FINANCIAL PERFORMANCE**  
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
<b>REVENUE</b>			
Annual appropriation	1	16 291 759	13 604 805
Departmental revenue	2	2 826	749
Aid assistance	3	1 798	-
<b>TOTAL REVENUE</b>		<b>16 296 383</b>	<b>13 605 554</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	216 455	156 414
Goods and services	5	222 457	254 173
Interest and rent on land	6	173	250
Aid assistance	3	1 798	-
<b>Total current expenditure</b>		<b>440 883</b>	<b>410 837</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	8	15 533 357	12 952 952
Aid assistance	3	-	1 463
<b>Total transfers and subsidies</b>		<b>15 533 357</b>	<b>12 954 415</b>
<b>Expenditure for capital assets</b>			
Tangible capital assets	9	118 942	5 724
Software and other intangible assets	9	370	626
<b>Total expenditure for capital assets</b>		<b>119 312</b>	<b>6 350</b>
<b>Payments for financial assets</b>	7	199	222
<b>TOTAL EXPENDITURE</b>		<b>16 093 751</b>	<b>13 371 824</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>202 632</b>	<b>233 730</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		199 806	234 444
Annual appropriation		199 759	234 739
Departmental revenue and NRF Receipts	15	2 826	749
Aid assistance	3	-	(1 463)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>202 632</b>	<b>233 730</b>

**STATEMENT OF THE FINANCIAL POSITION**  
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>200 193</b>	<b>234 738</b>
Cash and cash equivalents	10	201 710	229 962
Pre-payments and advances	11	520	58
Receivables	12	(2 037)	4 718
<b>Non-current assets</b>		<b>880 604</b>	<b>880 604</b>
Investments	13	880 604	880 604
<b>TOTAL ASSETS</b>		<b>1 080 797</b>	<b>1 115 342</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>200 049</b>	<b>234 526</b>
Voted funds to be surrendered to the Revenue Fund	14	199 805	234 444
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	49	31
Payables	16	195	51
<b>TOTAL LIABILITIES</b>		<b>200 049</b>	<b>234 526</b>
<b>NET ASSETS</b>		<b>880 748</b>	<b>880 816</b>
	Note	2010/11 R'000	2009/10 R'000
<b>Represented by:</b>			
Capitalisation reserve		880 604	880 604
Recoverable revenue		144	212
<b>TOTAL</b>		<b>880 748</b>	<b>880 816</b>



**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
<b>Capitalisation reserves</b>			
Opening balance		880 604	880 604
Closing balance		<u>880 604</u>	<u>880 604</u>
<b>Recoverable revenue</b>			
Opening balance		212	281
Transfers:		(68)	(69)
Debts recovered (included in Departmental receipts)		<u>-68</u>	<u>-69</u>
Closing balance		<u>144</u>	<u>212</u>
<b>TOTAL</b>		<u><u>880 748</u></u>	<u><u>880 816</u></u>

**CASH FLOW STATEMENT**  
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>16 296 382</b>	<b>13 605 554</b>
Annual appropriated funds received	1.1	16 291 758	13 604 805
Departmental revenue received	2	2 826	749
Aid assistance received	3	1 798	-
Net (increase)/decrease in working capital		6 437	3 316
Surrendered to Revenue Fund		(237 252)	(8.967)
Current payments		(440 883)	(410 837)
Payments for financial assets		(199)	(222)
Transfers and subsidies paid		(15 533 357)	(12 954 415)
<b>Net cash flow available from operating activities</b>	<b>17</b>	<b>91 128</b>	<b>234 429</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	9	(119 312)	(6 350)
<b>Net cash flows from investing activities</b>		<b>(119 312)</b>	<b>(6 350)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(68)	(69)
<b>Net cash flows from financing activities</b>		<b>(68)</b>	<b>(69)</b>
Net increase/(decrease) in cash and cash equivalents		(28 252)	228 010
Cash and cash equivalents at beginning of period		229 962	1 952
<b>Cash and cash equivalents at end of period</b>	<b>10</b>	<b>201 710</b>	<b>229 962</b>

**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act No 1 of 1999 (as amended by Act No 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act No 1 of 2010.

## **1. Presentation of the Financial Statements**

### **1.1 Basis of preparation**

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

### **1.2 Presentation currency**

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

### **1.3 Rounding**

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

### **1.4 Comparative figures**

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

### **1.5 Comparative figures - Appropriation Statement**

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

## **2. Revenue**

### **2.1 Appropriated funds**

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised as payable in the Statement of Financial Position.

Any amount due from the National/Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the Statement of Financial Position.

### **2.2 Departmental revenue**

All departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

Any amount owing to the National/Provincial Revenue Fund is recognised as a payable in the Statement of Financial Position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

**2.3 Direct Exchequer receipts**

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the Statement of Financial Position.

**2.4 Direct Exchequer payments**

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

**2.5 Aid assistance**

Aids assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the annual financial statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments effected on the system (by no later than 31 March of each year)

Inappropriately expensed amounts using CARA funds are recognised as payables in the Statement of Financial Position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the Revenue Fund.

**3. Expenditure**

**3.1 Compensation of employees**

**3.1.1 Salaries and wages**

Salaries and wages are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the Statement of Financial Performance or position.

**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50 percent of his/her time on the project. These payments form part of expenditure for capital assets in the Statement of Financial Performance.

**3.1.2 Social contributions**

Employer contributions to post employment benefit plans in respect of current employees are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the Department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the Statement of Financial Performance.

**3.2 Goods and services**

Payments made during the year for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

**3.3 Interest and rent on land**

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

**3.4 Payments for financial assets**

Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and/or underspending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

**3.5 Transfers and subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

**3.6 Unauthorised expenditure**

When confirmed unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

Unauthorised expenditure approved with funding is derecognised from the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the Statement of Financial Performance on the date of approval.

**3.7 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

**3.8 Irregular expenditure**

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

**4. Assets**

**4.1 Cash and cash equivalents**

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term, highly liquid investments and bank overdrafts.

**4.2 Other financial assets**

Other financial assets are carried in the Statement of Financial Position at cost.

**4.3 Prepayments and advances**

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

**4.4 Receivables**

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

**4.5 Investments**

Capitalised investments are shown at cost in the Statement of Financial Position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

#### **4.6 Loans**

Loans are recognised in the Statement of Financial Position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

#### **4.7 Inventory**

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

#### **4.8 Capital assets**

##### **4.8.1 Movable assets**

###### **Initial recognition**

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register as at R1.

###### **Subsequent recognition**

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

##### **4.8.2 Immovable assets**

###### **Initial recognition**

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

###### **Subsequent recognition**

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

#### **5. Liabilities**

##### **5.1 Payables**

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the Statement of Financial Position.

**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

**5.2 Contingent liabilities**

Contingent liabilities are included in the disclosure notes to the Financial Statements when it is possible that economic benefits will flow from the Department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

**5.3 Contingent assets**

Contingent assets are included in the disclosure notes to the Financial Statements when it is probable that an inflow of economic benefits will flow to the entity.

**5.4 Commitments**

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

**5.5 Accruals**

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

**5.6 Employee benefits**

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

**5.7 Lease commitments**

**Finance lease**

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the Financial Statements.

**Operating lease**

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the disclosure notes to the Financial Statement.

**5.8 Impairment and other provisions**

The Department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows/service potential flowing from the instrument.

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

**6. Receivables for Departmental revenue**

Receivables for Departmental revenue are disclosed in the disclosure notes to the annual Financial Statements.



**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

**7. Net assets**

**7.1 Capitalisation reserve**

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlining asset is disposed and the related funds are received.

**7.2 Recoverable revenue**

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written off.

**8. Related party transactions**

Specific information with regards to related party transactions is included in the disclosure notes.

**9. Key management personnel**

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

**10. Public-private partnerships**

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

## 1. Annual Appropriation

### 1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted Funds) and provincial departments:

	2010/11		2009/10
	Final Appropriation	Actual Funds received	Funds not requested/ not received
	R'000	R'000	Appropriation received R'000
Administration	221 188	211 997	9 191
Housing Policy, Research and Monitoring	43 871	47 686	(3 815)
Housing Planning and Delivery Support	207 196	225 221	(18 025)
Housing Development Finance	15 674 395	15 649 194	25 201
Strategic Relations and Governance	145 109	157 660	(12 551)
<b>Total</b>	<b>16 291 759</b>	<b>16 291 758</b>	<b>1</b>
			<b>13 604 805</b>

The drawings for December 2010 were approved on 3 December 2010 and the funds were already received by the Department.

## 2. Departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	123	91
Interest, dividends and rent on land	2.2	23	46
Transactions in financial assets and liabilities	2.3	2 680	612
<b>Departmental revenue collected</b>		<b>2 826</b>	<b>749</b>

### 2.1 Sales of goods and services other than capital assets

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services produced by the Department		121	90
Sales by market establishment		35	31
Other sales		86	59
Sales of scrap, waste and other used current goods		2	1
<b>Total</b>		<b>123</b>	<b>91</b>

### 2.2 Interest, dividends and rent on land

	Note	2010/11 R'000	2009/10 R'000
Interest		23	46
<b>Total</b>		<b>23</b>	<b>46</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**2.3 Transactions in financial assets and liabilities**

Note	2010/11 R'000	2009/10 R'000
Receivables	128	132
Other receipts including Recoverable Revenue	2 552	480
<b>Total</b>	<b>2 680</b>	<b>612</b>

**3. Aid assistance**

**3.1 Aid assistance received in cash from RDP**

Note	2010/11 R'000	2009/10 R'000
<b>Foreign</b>		
Opening Balance	-	1 463
Revenue	1 798	-
<b>Expenditure</b>	<b>(1 798)</b>	<b>(1 463)</b>
Current	(1 798)	-
Transfers	-	1 463
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

**3.2 Total assistance**

	2010/11 R'000	2009/10 R'000
Opening Balance	-	1 463
Revenue	1 798	-
Expenditure	(1 798)	(1 463)
Current	(1 798)	-
Transfers	-	(1 463)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

**4. Compensation of employee**

**4.1 Salaries and wages**

Note	2010/11 R'000	2009/10 R'000
Basic salary	147 186	104 120
Performance award	3 538	3 425
Service Based	370	906
Compensative/circumstantial	4 416	3 558
Other non-pensionable allowances	36 688	27 703
<b>Total</b>	<b>192 198</b>	<b>139 712</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**4.2 Social contributions**

	Note	2010/11 R'000	2009/10 R'000
<b>Employer contributions</b>			
Pension		17 320	12 188
Medical		6 904	4 500
Bargaining council		33	14
<b>Total</b>		<b>24 257</b>	<b>16 702</b>
<b>Total compensation of employees</b>		<b>216 455</b>	<b>156 414</b>
Average number of employees		696	552

**5. Goods and services**

	Note	2010/11 R'000	2009/10 R'000
Administrative fees		156	77
Advertising		5 295	24 346
Assets less than R5 000	5.1	1 753	1 466
Bursaries (employees)		1 144	789
Catering		1 359	3 844
Communication		7 323	6 762
Computer services	5.2	28 177	57 763
Consultants, contractors and agency/outsourced services	5.3	82 161	79 367
Entertainment		121	225
Audit cost – external	5.4	6 542	5 184
Inventory	5.5	5 215	8 155
Operating leases		18 658	1 431
Owned and leasehold property expenditure	5.6	6 189	4 790
Travel and subsistence	5.7	41 590	43 858
Venues and facilities		10 811	10 374
Training and staff development		3 025	2 301
Other operating expenditure	5.8	2 938	3 441
<b>Total</b>		<b>222 457</b>	<b>254 173</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**5.1 Assets less than R5 000**

	Note 5	2010/11 R'000	2009/10 R'000
<b>Tangible assets</b>		<b>1 744</b>	<b>1 466</b>
Machinery and equipment		1 744	1 466
<b>Intangible assets</b>		<b>9</b>	<b>-</b>
<b>Total</b>		<b>1 753</b>	<b>1 466</b>

**5.2 Computer services**

	Note 5	2010/11 R'000	2009/10 R'000
SITA computer services		24 140	53 623
External computer service providers		4 037	4 140
<b>Total</b>		<b>28 177</b>	<b>57 763</b>

**5.3 Consultants, contractors and agency/outsourced services**

	Note 5	2010/11 R'000	2009/10 R'000
Business and advisory services		75 042	46 971
Legal costs		988	2 081
Contractors		2 353	1 715
Agency and support/outsourced services		3 778	28 600
<b>Total</b>		<b>82 161</b>	<b>79 367</b>

**5.4 Audit cost – external**

	Note 5	2010/11 R'000	2009/10 R'000
Regularity audits		6 541	5 184
Performance audits		1	-
<b>Total</b>		<b>6 542</b>	<b>5 184</b>

**5.5 Inventory**

	Note 5	2010/11 R'000	2009/10 R'000
Learning and teaching support material		-	4
Food and food supplies		14	9
Fuel, oil and gas		392	312
Other consumable materials		621	758
Maintenance material		35	20
Stationery and printing		4 153	7 052
<b>Total</b>		<b>5 215</b>	<b>8 155</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**5.6 Property payments**

	Note 5	2010/11 R'000	2009/10 R'000
Municipal services		5 240	4 076
Other		949	714
<b>Total</b>		<b>6 189</b>	<b>4 790</b>

**5.7 Travel and subsistence**

	Note 5	2010/11 R'000	2009/10 R'000
Local		40 158	42 047
Foreign		1 432	1 811
<b>Total</b>		<b>41 590</b>	<b>43 858</b>

**5.8 Other operating expenditure**

	Note 5	2010/11 R'000	2009/10 R'000
Professional bodies' membership and subscription fees		136	164
Resettlement costs		986	1 294
Other		1 816	1 983
<b>Total</b>		<b>2 938</b>	<b>3 441</b>

**6. Interest and rent on land**

	Note	2010/11 R'000	2009/10 R'000
Interest paid		173	250
<b>Total</b>		<b>173</b>	<b>250</b>

**7. Payments for financial assets**

	Note 7.1	2010/11 R'000	2009/10 R'000
Debts written off		199	222
<b>Total</b>		<b>199</b>	<b>222</b>

**7.1 Debts written off**

	Note 7	2010/11 R'000	2009/10 R'000
<b>Nature of debts written off</b>			
No-shows		5	11
Bad debts		6	35
Damage vehicles		186	176
Admin traffic fines		2	-
<b>Total</b>		<b>199</b>	<b>222</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

## 8. Transfers and subsidies

	Note	2010/11 R'000	2009/10 R'000
Provinces and municipalities	32	15 175 563	12 592 276
Departmental agencies and accounts	Annex 1A	346 192	352 613
Foreign governments and international organisations	Annex 1C	684	745
Public corporations and private enterprises	Annex 1B	-	108
Households	Annex 1D	10 888	6 986
Gifts, donations and sponsorships made	Annex 1E	30	224
<b>Total</b>		<b>15 533 357</b>	<b>12 952 952</b>

Unspent funds transferred to the above beneficiaries

## 9. Expenditure for capital assets

	Note	2010/11 R'000	2009/10 R'000
<b>Tangible assets</b>		<b>118 942</b>	<b>5 724</b>
Buildings and other fixed structures	31	108 558	-
Machinery and equipment	29	10 384	5 724
<b>Software and other intangible assets</b>		<b>370</b>	<b>626</b>
Computer software	30	370	626
<b>Total</b>		<b>119 312</b>	<b>6 350</b>

### 9.1 Analysis of funds utilised to acquire capital assets – 2010/11

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>118 942</b>	<b>-</b>	<b>118 942</b>
Buildings and other fixed structures	108 558	-	108 558
Machinery and equipment	10 384	-	10 384
<b>Software and other intangible assets</b>	<b>370</b>	<b>-</b>	<b>370</b>
Computer software	370	-	370
<b>Total</b>	<b>119 312</b>	<b>-</b>	<b>119 312</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**9.2 Analysis of funds utilised to acquire capital assets – 2009/10**

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>5 724</b>	<b>-</b>	<b>5 724</b>
Machinery and equipment	5 724	-	5 724
<b>Software and other intangible assets</b>	<b>626</b>	<b>-</b>	<b>626</b>
Computer software	626	-	626
<b>Total</b>	<b>6 350</b>	<b>-</b>	<b>6 350</b>

**10. Cash and cash equivalents**

	Note	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General Account		238 514	240 442
Disbursements		(36 849)	(10 505)
Cash on hand		45	25
<b>Total</b>		<b>201 710</b>	<b>229 962</b>

**11. Pre-payments and advances**

	Note	2010/11 R'000	2009/10 R'000
Travel and subsistence			58
Advances paid to other entities		520	-
<b>Total</b>		<b>520</b>	<b>58</b>

**12. Receivables**

	Note	2010/11			2009/10	
		Less than one year R'000	One to three years R'000	Older than three years R'000	Total R'000	Total R'000
Claims recoverable	12.1 Annex 3	6	1 351	2	1 359	3 753
Recoverable expenditure	12.2	(4 113)	38	53	(4 022)	102
Staff debt	12.3	153	9	-	161	290
Other debtors	12.4	237	227	-	465	573
<b>Total</b>		<b>(3 717)</b>	<b>1 625</b>	<b>55</b>	<b>(2 037)</b>	<b>4 718</b>

**12.1 Claims recoverable**

	Note	2010/11 R'000	2009/10 R'000
National Departments	12	1 359	3 753
<b>Total</b>		<b>1 359</b>	<b>3 753</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**12.2 Recoverable expenditure (disallowance accounts)**

	Note 12	2010/11 R'000	2009/10 R'000
Disallowance Miscellaneous (SIU Debtors)		(4 416)	(265)
Damages		394	367
<b>Total</b>		<b>(4 022)</b>	<b>102</b>

**12.3 Staff debt**

	Note 12	2010/11 R'000	2009/10 R'000
Telephone & cellphone		9	13
Study		55	82
Vehicle		2	55
Tax		-	8
No show		1	-
Housing guarantee		9	11
Resettlement		-	5
Salaries		85	116
<b>Total</b>		<b>161</b>	<b>290</b>

**12.4 Other debtors**

	Note 12	2010/11 R'000	2009/10 R'000
(Group major categories, but list material items)		227	573
Suppliers			
VAT vendors (In process for recovery or final demand by Legal Services)		238	-
<b>Total</b>		<b>465</b>	<b>573</b>

**13. Investments**

	Note	2010/11 R'000	2009/10 R'000
<b>Non-current</b>			
<b>Shares and other equity</b>			
NHFC		880 000	880 000
Servcon		604	604
<b>Total non-current</b>		<b>880 604</b>	<b>880 604</b>
<b>Analysis of non-current investments</b>			
Opening balance		880 604	880 604
<b>Closing balance</b>		<b>880 604</b>	<b>880 604</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**14. Voted funds to be surrendered to the Revenue Fund**

	Note	2010/11 R'000	2009/10 R'000
Opening balance		234 444	8 215
Transfer from Statement of Financial Performance		199 806	234 444
Voted funds not requested/not received	1.1	(1)	-
Paid during the year		(234 444)	(8 215)
<b>Closing balance</b>		<b>199 805</b>	<b>234 444</b>

**15. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund**

	Note	2010/11 R'000	2009/10 R'000
Opening balance		31	34
Transfer from Statement of Financial Performance		2 826	749
Paid during the year		(2 808)	(752)
<b>Closing balance</b>		<b>49</b>	<b>31</b>

An amount of R2 000 000 was received from GCIS on behalf of Sanitation and paid over.

**16. Payables – current**

	Note	2010/11 Total	2009/10 R'000
Clearing accounts	16.1	195	51
<b>Total</b>		<b>195</b>	<b>51</b>

**16.1 Clearing accounts**

	Note 16	2010/11 R'000	2009/10 R'000
Salary Income Tax: CL		189	42
Pension Fund		5	8
Medical Aid		1	1
<b>Total</b>		<b>195</b>	<b>51</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**17. Net cash flow available from operating activities**

	Note	2010/11 R'000	2009/10 R'000
Net surplus/(deficit) as per Statement of Financial Performance		202 632	233 730
<b>Add back non-cash/cash movements not deemed operating activities</b>		<b>(111 504)</b>	<b>699</b>
(Increase)/decrease in receivables – current		6 755	3 300
(Increase)/decrease in prepayments and advances		(462)	26
Increase/(decrease) in payables – current		144	(10)
Expenditure on capital assets		119 312	6 350
Surrenders to Revenue Fund		(237 252)	(8 967)
Voted funds not requested/not received		(1)	-
<b>Net cash flow generated by operating activities</b>		<b>91 128</b>	<b>234 429</b>

**18. Reconciliation of cash and cash equivalents for cash flow purposes**

	Note	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General account		238 514	240 442
Disbursements		(36 849)	(10 505)
Cash on hand		45	25
<b>Total</b>		<b>201 710</b>	<b>229 962</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

## 19. Contingent liabilities and contingent assets

### 19.1 Contingent liabilities

		Note	2010/11 R'000	2009/10 R'000
<b>Liable to</b>	<b>Nature</b>			
Motor vehicle guarantees	Employees	Annex 2A	-	36
Housing loan guarantees	Employees	Annex 2A	102	398
Claims against the department		Annex 2B	4 920	72 438
Other departments (inter-departmental unconfirmed balances)		Annex 4	78	22
<b>Total</b>			<b>5 100</b>	<b>72 894</b>

## 20. Commitments

	Note	2010/11 R'000	2009/10 R'000
<b>Current expenditure</b>		<b>80 909</b>	<b>68 039</b>
Approved and contracted		69 386	67 926
Approved but not yet contracted		11 523	113
<b>Capital expenditure</b>		<b>2 527</b>	<b>6 019</b>
Approved and contracted		2 505	6 019
Approved but not yet contracted		22	-
<b>Total commitments</b>		<b>83 436</b>	<b>74 058</b>

Indicate whether a commitment is for longer than a year

1 year	2-3 years	3 years	3 years and above
R67 295	R125	R1 731	R336

## 21. Accruals

	2010/11 R'000		2009/10 R'000	
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	856	7 203	8 059	13 635
Interest and rent on land	-	-	-	-
Capital assets	8	-	8	-
Other	-	-	-	374
<b>Total</b>	<b>864</b>	<b>7 203</b>	<b>8 067</b>	<b>14 009</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
<b>Listed by programme level</b>			
Administration		4 914	5 657
Housing, Policy, Research and Monitoring		174	61
Housing, Planning and Delivery Support		760	2 991
Housing Development Finance		1 095	178
Strategic Relations and Governance		1 124	5 122
<b>Total</b>		<b>8 067</b>	<b>14 009</b>
Confirmed balances with other departments	Annex 5	1 147	1
Confirmed balances with other government entities	Annex 5	4 558	-
<b>Total</b>		<b>5 705</b>	<b>1</b>

## 22. Employee benefits

	Note	2010/11 R'000	2009/10 R'000
Leave entitlement		4 815	4 059
Service bonus (Thirteenth cheque)		5 386	4 115
Performance awards		4 335	-
Capped leave commitments		6 900	6 951
<b>Total</b>		<b>21 436</b>	<b>15 125</b>
2009/10 Staff Receivables R775			
2010/11 Staff Receivables R1 121			

## 23. Lease commitments

### 23.1 Operating leases expenditure

	Spe- cialised military equipment R'000	Land R'000	Build- ings and other fixed structures R'000	Machin- ery and equip- ment R'000	Total R'000
<b>2010/11</b>					
Not later than 1 year	-	-	22 070	-	22 070
Later than 1 year and not later than 5 years	-	-	107 404	-	107 404
Later than 5 years	-	-	105 380	-	105 380
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>234 854</b>	<b>-</b>	<b>234 854</b>
<b>2009/10</b>					
Not later than 1 year	-	-	18 658	-	18 658
Later than 1 year and not later than 5 years	-	-	82 255	-	82 255
Later than 5 years	-	-	163 206	-	163 206
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>264 119</b>	<b>-</b>	<b>264 119</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**23.2 Finance leases expenditure\*\***

	Specialised military equipment R'000	Land R'000	Buildings and other fixed struc- tures R'000	Machinery and equip- ment R'000	Total R'000
<b>2010/11</b>					
Not later than 1 year	-	-	-	857	857
Later than 1 year and not later than 5 years	-	-	-	78	78
Later than 5 years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	935	935
LESS: Finance costs	-	-	-	46	46
<b>Total present value of lease liabilities</b>	-	-	-	889	889

	Specialised military equipment R'000	Land R'000	Buildings and other fixed struc- tures R'000	Machinery and equip- ment R'000	Total R'000
<b>2009/10</b>					
Not later than 1 year	-	-	-	1 879	1 879
Later than 1 year and not later than 5 years	-	-	-	611	611
Later than 5 years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	2 490	2 490
LESS: Finance costs	-	-	-	181	181
<b>Total present value of lease liabilities</b>	-	-	-	2 309	2 309

\*\* This note excludes leases relating to public private partnership as they are separately disclosed to note no 39.

**24. Irregular expenditure**

**24.1 Reconciliation of irregular expenditure**

	Note	2010/11 R'000	2009/10 R'000
Opening balance		2 659	1 739
Add: Irregular expenditure – relating to prior year		526	-
Add: Irregular expenditure – relating to current year		12 100	920
<b>Irregular expenditure awaiting condonation</b>		<b>15 285</b>	<b>2 659</b>
<b>Analysis of awaiting condonation per age classification</b>			
Current year		109	920
Prior years			1 739
<b>Total</b>		<b>109</b>	<b>2 659</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**24.2 Details of irregular expenditure – current year**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2010/11 R'000</b>
Acting Allowance	Requested for condonation	109
Appointments Exco 60		152
Advertised period Kaleo Consulting Exco 57		1 819
Quotations Bay Technologies, Maphalang Exco 50		223
Stipulations Practice note 8 of 2007/08		9 797
<b>Total</b>		<b>12 100</b>

**25. Fruitless and wasteful expenditure**

**25.1 Reconciliation of fruitless and wasteful expenditure**

	<b>Note</b>	<b>2010/11 R'000</b>	<b>2009/10 R'000</b>
Opening balance		3	-
Fruitless and wasteful expenditure – relating to current year		-	3
<b>Fruitless and wasteful expenditure awaiting condonement</b>		<b>3</b>	<b>3</b>

**26. Related party transactions**

List related party relationships  
 South African Housing Fund  
 Servcon  
 Social Housing Foundation  
 National Urban Reconstruction and Housing Agency  
 National Home Builders Registration Council  
 National Housing Finance Corporation  
 Thubelisha Homes  
 Housing Development Agency  
 Social Housing Regulatory Authority

**27. Key management personnel**

	<b>No of Individuals</b>	<b>2010/11 R'000</b>	<b>2009/10 R'000</b>
Political office bearers (provide detail below)		3 277	2 956
Officials:			
Level 15 to 16		8 223	10 715
Level 14 (incl CFO if at a lower level)		20 110	18 535
<b>Total</b>		<b>31 610</b>	<b>3 206</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

## 28. Impairment and other provisions

	Note	2010/11 R'000	2009/10 R'000
<b>Provisions</b>			
Staff debtors		100	269
<b>Total</b>		<b>100</b>	<b>269</b>
<b>Other provisions</b>			
Vat vendors (In process for recovery or final demand by Legal Services)		73	-
<b>Total</b>		<b>73</b>	<b>-</b>
<b>Total</b>		<b>173</b>	<b>269</b>

## 29. Movable Tangible Capital Assets

Movement in movable tangible capital assets per Asset Register for the year ended 31 March 2011

	Opening balance R'000	Curr Year Adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>Machinery and Equipment</b>	<b>41 564</b>	<b>(1 531)</b>	<b>9 056</b>	<b>833</b>	<b>48 256</b>
Transport assets	1 193	-	489	-	1 682
Computer equipment	16 781	(182)	6 993	619	22 973
Furniture and office equipment	14 030	(1 236)	886	54	13 626
Other machinery and equipment	9 560	(113)	688	160	9 975
<b>Total Movable tangible capital assets</b>	<b>41 564</b>	<b>(1 531)</b>	<b>9 056</b>	<b>833</b>	<b>48 256</b>

### 29.1 Additions

Additions to movable tangible capital assets per asset register for the year ended 31 March 2011

	Cash R'000	Non-cash R'000	Capital work in progress current costs and finance lease pay- ments R'000	Received current, not paid (Paid cur- rent year, received prior year) R'000	Total R'000
<b>Machinery and equipment</b>	<b>10 384</b>	<b>-</b>	<b>(1 328)</b>	<b>-</b>	<b>9 056</b>
Transport assets	489	-	-	-	489
Computer equipment	6 993	-	-	-	6 993
Furniture and office equipment	2 214	-	(1 328)	-	886
Other machinery and equipment	688	-	-	-	688
<b>Total Additions to movable tangible capital assets</b>	<b>10 384</b>	<b>-</b>	<b>(1 328)</b>	<b>-</b>	<b>9 056</b>



**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**29.2 Disposals**

Disposal of movable tangible capital assets per asset register for the year ended 31 March 2011

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received actual R'000
<b>Machinery and equipment</b>	<b>62</b>	<b>771</b>	<b>833</b>	
Computer equipment	-	619	619	-
Furniture and office equipment	-	54	54	-
Other machinery and equipment	62	98	160	-
<b>Total Disposal of movable tangible capital assets</b>	<b>62</b>	<b>771</b>	<b>833</b>	<b>-</b>

**29.3 Movement for 2009/10**

Movement in movable tangible capital assets per asset register for the year ended 31 March 2011

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>Machinery and Equipment</b>	<b>38 697</b>	<b>5 724</b>	<b>2 857</b>	<b>41 564</b>
Transport assets	1 221	574	602	1 193
Computer equipment	15 929	2 425	1 573	16 781
Furniture and office equipment	12 790	1 678	438	14 030
Other machinery and equipment	8 757	1 047	244	9 560
<b>Total Movable tangible capital assets</b>	<b>38 697</b>	<b>5 724</b>	<b>2 857</b>	<b>41 564</b>

**29.4 Minor assets**

Movement in minor assets of the department as at 31 March 2011

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	1 069	-	10 240	-	11 309
Additions	-	28	-	1 652	-	1 680
Disposals	-	-	-	316	-	316
<b>Total Minor assets</b>	<b>-</b>	<b>1 097</b>	<b>-</b>	<b>11 576</b>	<b>-</b>	<b>12 673</b>
Number of R1 minor assets	-	5	-	65	-	70
Number of minor assets at cost	-	1 026	-	7 334	-	8 360
<b>Total Number of minor assets</b>	<b>-</b>	<b>1 031</b>	<b>-</b>	<b>7 399</b>	<b>-</b>	<b>8 430</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**Minor assets of the department as at 31 March 2011**

	Spe- cialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machin- ery and equip- ment R'000	Biological assets R'000	Total R'000
Minor assets	-	1 069	-	10 240	-	11 309
<b>Total</b>	<b>-</b>	<b>1 069</b>	<b>-</b>	<b>10 240</b>	<b>-</b>	<b>11 309</b>
Number of R1 minor assets	-	-	-	89	-	89
Number of minor assets at cost	-	1 017	-	6 790	-	7 807
<b>Total Number of minor assets</b>	<b>-</b>	<b>1 017</b>	<b>-</b>	<b>6 879</b>	<b>-</b>	<b>7 896</b>

### 30. Intangible capital assets

**Movement in intangible capital assets per asset register for the year ended 31 March 2011**

	Opening balance R'000	Current Year Adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Computer software	3 202	94	370	-	3 666
<b>Total Intangible capital assets</b>	<b>3 202</b>	<b>94</b>	<b>370</b>		<b>3 666</b>

#### 30.1 Additions

**Additions to intangible capital assets per asset register for the year ended 31 March 2011**

	Cash R'000	Non-cash R'000	Develop- ment work in progress – current costs R'000	Received current year, not paid (Paid cur- rent year, received prior year) R'000	Total R'000
Computer Software	370	-	-	-	370
<b>Total Additions to intangible capital assets</b>	<b>370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>370</b>

#### 30.2 Movement for 2009/10

**Movement in intangible capital assets per asset register for the year ended 31 March 2011**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer Software	2 576	626	-	3 202
<b>Total Intangible capital assets</b>	<b>2 576</b>	<b>626</b>	<b>-</b>	<b>3 202</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

### 31. Immovable tangible capital assets

#### 31.1 Additions

Additions to immovable tangible capital assets per asset register for the year ended 31 March 2011

	Cash R'000	Non-cash R'000	Capital work in progress current costs and finance lease pay- ments R'000	Received current year, not paid (Paid cur- rent year, received prior year) R'000	Total R'000
<b>Building and other fixed structures</b>	<b>108 558</b>		<b>(108 558)</b>		<b>-</b>
Other fixed structures	108 558		(108 558)		-
<b>Total Additions to immovable tangible capital assets</b>	<b>108 558</b>		<b>(108 558)</b>		<b>-</b>

### 32. Transfer of functions

Assets from the Department of Water Affairs (DWA) with the amount of R1 188 603.47 were declined due to the fact that the Department transferring the assets (DWA) to National Department of Human Settlements failed to submit supporting documents.

Assets transferred to Defence with the amount of R476 953.61 were not acknowledged pending the signature of the Accounting Officer at Defence, Section 42 paragraph 2. These assets still appearing on the Asset Register of the Department. They were not removed from Asset Register waiting for the DG at Defence to sign.

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**33. Statement of Conditional Grants paid to the provinces**

Name of Province/Grant	GRANT ALLOCATION				TRANSFER			SPENT			2009/10
	Division of Revenue Act R'000	Roll-overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocation by Treasury or National Department R'000	Amount received by department R'000	Amount spent by department R'000	% of available funds spent by department R'000	
Eastern Cape	1 598 646	-	39 000	1 637 646	1 637 646	-	39 000	1 637 646	1 503 816	92%	1 313 378
Free State	1 300 691	-	-	1 300 691	1 037 691	(263 000)	-	1 037 691	1 037 685	100%	962 759
Gauteng	3 771 831	-	115 000	3 886 831	3 886 831	-	-	3 886 831	3 855 064	99%	3 187 086
KwaZulu-Natal	2 714 109	-	-	2 714 109	2 634 109	(80 000)	-	2 634 109	2 711 234	103%	2 180 448
Limpopo	1 234 750	-	130 000	1 364 750	1 364 750	-	130 000	1 364 750	1 264 584	93%	996 667
Mpumalanga	975 863	-	-	975 863	975 863	-	-	975 863	1 011 033	104%	795 447
Northern Cape	273 260	-	174 000	447 260	447 260	-	174 000	447 260	472 944	106%	325 011
North West	1 288 770	-	(100 000)	1 188 770	1 188 770	-	-	1 188 770	1 040 163	87%	1 100 055
Western Cape	1 868 843	-	-	1 868 843	1 868 843	-	-	1 868 843	1 940 037	104%	1 581 425
KwaZulu-Natal Disaster Relief	133 800	-	-	133 800	133 800	-	-	133 800	133 800	100%	150 000
<b>Total</b>	<b>15 160 563</b>	<b>-</b>	<b>358 000</b>	<b>15 518 563</b>	<b>15 175 563</b>	<b>(343 000)</b>	<b>343 000</b>	<b>15 175 563</b>	<b>14 970 360</b>		<b>12 592 276</b>

13(1)(a) The whole total amount of R15 026 763 000 allocated to the province and an additional 15 million allocated to Gauteng Province for Sweetwater's project from the department budget savings were transferred into the primary bank account of the provincial department. (b) The withholding in terms of Section 16 & 17 of the Division of Revenue Act, R263 million & R80 million were withheld from Free state and KwaZulu-Natal during the year. (c) The withheld funds were re-allocated R39 million to Eastern Cape, R130 million to Limpopo & R174 million to Northern Cape. (d) All funds were transferred into the primary bank account of the provincial department. (e) The grant was not utilised for other administrative purpose except in terms of operational Capital Budget (OPSCAP) programme, which allows the provinces to utilise a certain percentage maximum of 5 percent of the voted allocation (grant) to support the approved national and provincial housing programmes and priorities.

**ANNEXURE 1A**  
**Statement of Transfers to Departmental Agencies and Accounts**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

Department/ Agency/ Account	Transfer Allocation				Transfer		2009/10
	Adjusted Appropriation R'000	Roll-overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	
Housing Development Agency	69 300	-	-	69 300	69 300	100%	62 650
NURCHA	-	-	-	-	-	-	3 500
Social Housing Foundation	6 621	-	-	6 621	6 621	100%	262 960
Thubelisha	-	-	-	-	-	-	23 503
National Housing Finance Cooperation	1	-	-	1	-	-	-
Social Housing Regulatory Authority	151 772	34 999	-	186 771	186 771	100%	-
Rural Housing Loan Fund	49 500	-	-	49 500	49 500	100%	-
Servcon	-	-	41 600	41 600	34 000	82%	-
<b>Total</b>	<b>277 194</b>	<b>34 999</b>	<b>41 600</b>	<b>353 793</b>	<b>346 192</b>		<b>352 613</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**ANNEXURE 1B**  
**Statement of Transfers/Subsidies to Public Corporations and Private Enterprises**

Name of Public Corporation/Private Enterprise	Transfer Allocation					Expenditure			2009/10
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000	Current R'000	
<b>Public Corporations</b>									
Transfers									
<b>AIG</b>	-	-	-	-	-	-	-	-	108
Subsidies									
<b>TOTAL</b>	-	-	-	-	-	-	-	-	108

**ANNEXURE 1C**  
**Statement of Transfers to Foreign Government and International Organisations**

Foreign Government/ International Organisation	Transfer Allocation				Expenditure		2009/10
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	
<b>Transfers</b>							
UN Habitat	500			500	326	65%	357
Cities Alliance	500			500	358	72%	388
<b>Total</b>	1 000	-	-	1 000	684		745

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**ANNEXURE 1D**  
**Statement of Transfers to Households**

Households	Transfer Allocation				Expenditure		2009/10
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Appropriation Act R'000
<b>Transfers</b>							
Bursaries	4 006	-	7 076	11 082	9 636	87%	6 986
Leave gratuity	1 005	-	257	1 262	1 252	99%	-
<b>Total</b>	<b>5 011</b>	<b>-</b>	<b>7 333</b>	<b>12 344</b>	<b>10 888</b>	<b>-</b>	<b>6 986</b>

**ANNEXURE 1E**  
**Statement of gifts, donations and sponsorships made; and remissions, refunds and payments made as an act of grace**

Nature of gift, donation or sponsorship (Group major categories but list material items including name of organisation)	2010/11 R'000	2009/10 R'000
<b>Paid in cash</b>		
Total of various gifts bought by Minister		5
R M Mathebula retirement		5
Angolan Ambassador and wife		7
Minister's farewell gift		166
T M Sharp retirement		5
P F van der Walt retirement		5
Hillview Project sponsorship		24
K Savage Retirement		5
Fezikile Secondary School – Oudsthoorn		2
Farewell gift for Mrs M Kemp	5	
Funeral contribution for Mr S S Mosehla (scholarship beneficiary)	10	
Farewell gift for Mrs N S S Mahura	5	
Farewell gift for Mrs M Papenfuss	5	
Farewell gift for Mrs Koekemoer	5	
<b>TOTAL</b>	<b>30</b>	<b>224</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**ANNEXURE 2A**

**Statement of Financial Guarantees issued as at 31 March 2011 – Local**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2010 R'000	Guarantees draw-downs during the year R'000	Guarantees repayments/ cancelled/ reduced/ released during the year R'000	Re-valuations R'000	Closing balance 31 March 2011 R'000	Guaranteed interest for year ended 31 March 2011 R'000	Realised losses not recoverable i.e. claims paid out R'000
<b>Motor vehicles</b>									
Standard Bank		4	4	-	4	-	0	-	-
<b>Subtotal</b>		<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Housing</b>									
Standard Bank		69	69	-	-	-	69	-	-
FirstRand Bank		48	48	-	48	-	-	-	-
ABSA		193	193	-	193	-	-	-	-
FNB		38	38	-	38	-	-	-	-
Old Bank		17	17	-	-	-	17	-	-
Mpumalanga		16	16	-	-	-	16	-	-
<b>Subtotal</b>		<b>381</b>	<b>381</b>	<b>-</b>	<b>279</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>		<b>385</b>	<b>385</b>	<b>-</b>	<b>283</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>-</b>

**ANNEXURE 2B**

**Statement of Contingent Liabilities as at 31 March 2011**

Nature of liability	Opening Balance 1 April 2010 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder R'000)	Closing Balance 31 March 2011 R'000
<b>Claims against the department</b>					
Opening balance	72 438	-	-	-	72 438
Verern Builders CC/Thubelisha Homes		-	1 330	-	(1 330)
Ibuyile Development Consortium/Government of RSA		-	70 200	-	(70 200)
Eric Sefu/Minister of Housing		30	-	-	30
Trustees of Giancarlo Vessio Family Trust vs Minister of Human Settlements		300	-	-	300
Residents of Ekurhuleni/Minister of Human Settlements and others		50	-	-	50
Juta/Minister of Housing		50	-	-	50
Kriegler/Minister of Housing		50	-	-	50
Andre Grobler/Minister of Housing		68	-	-	68



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

Nature of Liability	Open- ing Balance 1 April 2010 R'000	Liabili- ties in- curred during the year R'000	Li- abilities paid/ can- celled/ reduced during the year R'000	Li- abilities recov- erable (Pro- vide details hereun- der R'000)	Closing Bal- ance 31 March 2011 R'000
Kabonga Longo/KZN Tribuna		60	-	-	60
Tshwane Residents/Minister of Human Settlements		50	-	-	50
Residents of Joe Slovo/Minister of Human Settlements		200	-	-	200
Madibeng Municipality		50	-	-	50
Cassiem Alexander & Another/Minister of Human Settlements & others		100	-	-	100
Ntombentsha Beja & others /Minister of Human Settlements		1 000	-	-	1 000
Musa Busisiwe Mdladla/Minister of Housing & Others		40	-	-	40
Madonsela & Another/Minister of Housing & Another		40	-	-	40
Thembisa Beauty None/Minister of Housing & Another		40	-	-	40
Mmankwe Sina Moobi/Minister of Housing & Another		40	-	-	40
Thulisile Immaculate Ntsele/Minister of Housing & Another		40	-	-	40
Matikazi Nyathi/Minister of Housing & Another		40	-	-	40
Thelma Thembisa Sibutha/Minister of Housing & Another		40	-	-	40
Victerss Sibutha/Minister of Housing & Another		40	-	-	40
Bonisiwe Elizabeth Sithole / Minister of Housing & Another		40	-	-	40
Phillip Sello Mazibuko/Minister of Housing & Another		40	-	-	40
Hozabalise Selina Mbane/Minister of Housing & Another		40	-	-	40
Ernet Ntombikanya Mchako/Minister of Housing & Another		40	-	-	40
Tshepo Mathews Methola/Minister of Housing & Another		40	-	-	40
Bjang Peit Malahlela/Minister of Housing & Another		40	-	-	40
Keketso Adelina Molingoane/Minister of Housing & Another		40	-	-	40
Ntombisa Ester Ndaba/Minister of Housing & Another		40	-	-	40
Rosina Papo/Minister of Housing & Another		40	-	-	40
Virginia Sebola/Minister of Housing & Another		40	-	-	40
Barone Grand Sedibe/Minister of Housing		40	-	-	40
Lindiwe Sasing/Minister of Housing & Another		40	-	-	40
Elias Lungile Thambe/Minister of Housing & Another		40	-	-	40
Busisiwe Tshabangu/Minister of Housing & Another		40	-	-	40
Nelesco/Gwebu and Nelesco/Nhlapo		400	-	-	400
Mpange Zithulele/Minister of Human Settlements		160	56	-	104
Busisiwe Tshabangu/Minister of Housing & Another		20	-	-	20
Eagle Valley v Illegal Occupants		300	-	-	300
City of Johannesburg v Blue Moonlight		615	315	-	300
<b>TOTAL</b>	<b>72 438</b>	<b>4 383</b>	<b>71 901</b>	<b>-</b>	<b>4 920</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**ANNEXURE 3**  
**CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000
<b>Department</b>						
SARS	-	-	-	16	-	16
GCIS	-	-	500	31	500	31
Department of Home Affairs	-	22	-	6	-	6
Gauteng Community Safety	-	-	22	-	22	22
International Relations and Cooperation (Foreign Affairs)	-	-	19	35	19	35
Statistics South Africa (Stats SA)	-	-	1	1	1	1
Unemployment Insurance Fund	-	-	1	1	1	1
Department of Safety and Security	-	-	-	19	-	19
Department of Defence and Military Veterans	-	-	1 328	2 151	1 328	2 151
Department of Correctional Services	-	-	-	2	-	2
Department of Education – KZN	-	1	-	-	-	1
Department of Justice	-	-	-	14	-	14
Department of Labour	-	-	-	66	-	66
Department of Public Works	-	-	-	21	-	21
Department of Water Affairs	-	-	-	1 362	-	1 362
Gauteng Housing	-	-	1	1	1	1
Limpopo Provincial Government	-	-	-	5	-	5
Department of Health	-	-	5	-	5	-
<b>Subtotal</b>	-	<b>23</b>	<b>1 877</b>	<b>3 731</b>	<b>1 877</b>	<b>3 754</b>
<b>Other Government Entities</b>						
National Home Builders Registration Council	-	-	-	32	-	32
National Housing Finance Corporation	-	-	-	5	-	5
South African Social Security Agency	-	-	1	1	1	1
<b>Subtotal</b>	-	-	<b>1</b>	<b>38</b>	<b>1</b>	<b>38</b>
<b>TOTAL</b>	-	<b>23</b>	<b>1 878</b>	<b>3 769</b>	<b>1 878</b>	<b>3 792</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**ANNEXURE 4**  
**Inter-Government Payables**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000
<b>Departments</b>						
<b>Current</b>						
Department of Arts, Culture & Tourism, KZN	-	1	-	-	-	1
Western Cape LG & Housing	-	-	-	22	-	22
Department of Justice and Constitutional Development	714	-	-	-	714	-
Mpumalanga Provincial Government	14	-	-	-	14	-
Presidency	67	-	-	-	67	-
Water Affairs	318	-	76	-	394	-
Health and Social Development	32	-	-	-	32	-
South African Police Service	2	-	-	-	2	-
<b>Total</b>	<b>1 147</b>	<b>1</b>	<b>76</b>	<b>22</b>	<b>1 223</b>	<b>23</b>
<b>Other Government Entities</b>						
<b>Current</b>						
Government Printing Works	66	-	2	-	68	-
PALAMA	57	-	-	-	57	-
Special Investigations Unit	4 435	-	-	-	4 435	-
<b>Total</b>	<b>4 548</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>4 560</b>	<b>-</b>

**ANNEXURE 5**  
**Inventory**

Inventory	Note	Quantity	2010/11 R'000	Quantity	2009/10 R'000
Opening balance		7 517	41	18 785	57
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases - Cash		53 160	294	27 897	114
Add: Additions - Non-cash		-	-	1 337	5
(Less): Disposals		(83)	-	(2 627)	(2)
(Less): Issues		(30 689)	(169)	(37 049)	(126)
Add/(Less): Adjustments		-	(4)	(826)	(7)
Add/(Less): Weighted Average price range		-	8	-	-
<b>Closing balance</b>		<b>29 905</b>	<b>170</b>	<b>7 517</b>	<b>41</b>



**SA HOUSING FUND MANAGEMENT REPORT**  
for the year ended 31 March 2011

### **1. General review of the state of financial affairs**

The change in focus in housing delivery to quality housing and a shift to alternative forms of housing tenure have formed the background against which sustainable housing delivery was achieved. As reported in 2003/2004, changes in the financial management legislative environment precipitated a need to review the funds-flow mechanisms to provinces. In this regard, MinMEC approved that the process for the disestablishment of the fund be commenced with and draft legislation is in the process of being approved to give effect to that decision. A draft Bill has been submitted to the Minister for consideration. The delisting of the South African Housing Fund was approved with effect from 18 November 2003.

### **2. Accounting Authority's emoluments**

In terms of Section 11(5)(a) of the Housing Act (Act No 107 of 1997) the Director-General: Housing is the Accounting Officer of the South African Housing Fund.

No emoluments were paid to the accounting authority from the funds of the South African Housing Fund since the Accounting Officer is being remunerated by the Department of Housing.

### **3. Auditors**

In terms of Section 188 of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1998) read with Sections 4 and 20 of the Public Audit Act, 2004 (Act No 25 of 2004) and Section 11(8) of the Housing Act, 1997 (Act No 107 of 1997) the Auditor-General has the responsibility to audit the books and statements of account and balance sheet of the South African Housing Fund. The Office of the Auditor-General will continue to perform the statutory audit of the South African Housing Fund.

### **4. Approval of Financial Statements**

The Financial Statements set out on pages 210 to 213 for the South African Housing Fund were approved by the Accounting Officer.



N L Mbengo  
ACTING CHIEF FINANCIAL OFFICER  
31 May 2011



T W Zulu  
DIRECTOR-GENERAL  
31 May 2011

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the South African Housing Fund, which comprise of the balance sheet as at 31 March 2011 and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information as set out on pages 211 to 214.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the liquidity basis of accounting as set out in note 1 to the financial statements and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Housing Fund as at 31 March 2011, and its and cash flows for the year then ended in accordance with the liquidation basis, as set out in note 1 to the financial statements and the requirements of the *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*.

### Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

### Basis of Accounting

9. The South African Housing Fund's Policy is to prepare financial statements on the liquidity basis as set out in note 1 to the financial statements.

### Disestablishment of the SA Housing Fund

10. As disclosed in note 4 to the financial statements, the disestablishment of the South African Housing Fund was approved by the minister and Members of the Executive Council on 15 August 2003. The department is considering repealing the Housing Act and developing a new Human Settlements Act in light of the Department's new mandate, to make provision for the disestablishment of the South African Housing Fund.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

11. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 211 to 214 and material non-compliance with laws and regulations applicable to the department.

**Predetermined objectives**

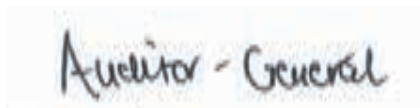
12. There are no material findings on the annual performance report.

**Compliance with laws and regulations**

13. There are no findings concerning material non-compliance with laws and regulations applicable to the entity.

**INTERNAL CONTROL**

14. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. There are no significant deficiencies in the internal control that resulted in a qualification of the auditor's opinion on the financial statements and/or findings on predetermined objectives and/or material non-compliance with laws and regulations.



Pretoria  
31 July 2011



**SA HOUSING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Assets</b>			
<b>Current Assets</b>		32 585	32 585
Trade and other receivables	1	-	-
Cash and Cash Equivalents	4	32 585	32 585
<b>Total Assets</b>		<b>32 585</b>	<b>32 585</b>
<b>Equity and Liabilities</b>			
<b>Capital and Reserves</b>		31 958	31 958
Treasury Reserves		-	-
Non Distributable Reserves		-	-
Accumulated profits/(Losses)		31 958	31 958
<b>Current Liabilities</b>		<b>627</b>	<b>627</b>
Trade and other payables	2	627	627
<b>Total Equity and Liabilities</b>		<b>32 585</b>	<b>32 585</b>



**SA HOUSING FUND**  
**CASH FLOW STATEMENT**  
for the year ended 31 March 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Cash flows from finance activities</b>			
(Increase)/Decrease in financial instruments		-	-
<b>Net cash inflow/(outflow) from investing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		-	-
<b>Cash and cash equivalents at beginning of period</b>		32 585	32 585
<b>Cash and cash equivalents at end of period</b>	4	<u>32 585</u>	<u>32 585</u>

**SA HOUSING FUND**  
**SUMMARY OF ACCOUNTING POLICIES**  
for the year ended 31 March 2011

The principle accounting policies adopted in the preparation of these financial statements are set out below.

### **1. Basis of Preparation**

The financial statements are prepared on the liquidation basis as set out below. Since the entity no longer conduct its function in terms of the National Housing Act and is awaiting to be disestablished and the Housing Act to be amended.

#### **1.1 Financial Instruments**

Financial instruments carried on the balance sheet include cash and bank balances, receivables and creditors.

##### **Measurement**

Financial instruments are initially measured at cost. Subsequent to initial recognition these instruments are measured as set out below.

##### **Trade and other receivables**

Trade and other receivables are stated at cost less provision for doubtful debts.

##### **Cash and cash equivalents**

Cash and cash equivalents are measured at cost.

##### **Financial liabilities**

Financial liabilities are recognised at cost.

#### **1.2 Administration Costs**

All administration costs are borne by Department of Human Settlements.

**SA HOUSING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**1. Trade and other Receivables**

	31 March 2011 R'000	31 March 2010 R'000
Debtors	421	421
Less: Provision for bad debt	(421)	(421)
	<u>-</u>	<u>-</u>

**2. Trade and other Payables**

	31 March 2011 R'000	31 March 2010 R'000
Post office account	627	627
	<u>627</u>	<u>627</u>

**3. Disestablishment of the S A Housing Fund**

At the meeting of the MinMEC Committee of 15 August 2003, MinMEC approved the disestablishment of the South African Housing Fund and the Provincial Housing Development funds established in terms of various provincial Housing Acts. A draft Bill has been submitted to the Office of the State Law Adviser and to the National Treasury for consideration and input. The department is also considering repealing the Housing Act and developing a new Human Settlements Act in light of the department's new mandate. The delisting of the South African Housing Fund was approved with effect from 18 November 2003.

**4. Cash and cash equivalents**

	31 March 2011 R'000	31 March 2010 R'000
Cash on hand	25 229	25 229
Cash with CPD	7 356	7 356
	<u>32 585</u>	<u>32 585</u>



# HUMAN RESOURCE MANAGEMENT

**TABLE 1.1 - Main service for service delivery improvement and standards**

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
None				
None				
None				

**TABLE 1.2 - Consultation arrangements for customers**

Type of arrangement	Actual customers	Potential customers	Actual achievement
None			
None			
None			

**TABLE 1.3 - Service delivery access strategy**

Access strategy	Actual achievements
None	
None	
None	

**TABLE 1.4 - Service information tool**

Type of information tool	Actual achievements
None	
None	
None	

**TABLE 1.5 – Complaints mechanism**

Complaints mechanism	Actual achievements
None	
None	
None	

**TABLE 2.1 – Personnel costs by Programme**

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percentage(%) of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
DHS: Administration	188 598	73 423	0	0	38.9	106	696
DHS: Housing delivery support	0	0	0	0	0	0	696
DHS: Housing development finance	15 626 545	26 534	0	0	0.2	38	696
DHS: Housing plan & delivery supp	156 830	57 326	0	0	36.6	82	696
DHS: Housing pol research & monitor	32 642	19 890	0	0	60.9	29	696
DHS: Housing policy research & plan	0	0	0	0	0	0	696
DHS: Strat relation and govern	87 386	39 282	0	0	45	56	696
DWA: Administration	0	0	0	0	0	0	696
<b>Total as on Financial Systems (BAS)</b>	<b>16 092 000</b>	<b>216 455</b>	<b>0</b>	<b>0</b>	<b>1.3</b>	<b>311</b>	<b>696</b>

**TABLE 2.2 – Personnel costs by salary band**

Salary bands	Compensation of employee cost (R'000)	Percentage of total personnel cost for Department	Average compensation cost per employee (R)	Total personnel cost for Department including goods and transfers (R'000)	Number of employees
Lower skilled (Levels 1-2)	2 634	1.2	97 556	219 831	27
Skilled (Levels 3-5)	8 917	4.1	133 090	219 831	67
Highly skilled production (Levels 6-8)	40 215	18.3	217 378	219 831	185
Highly skilled supervision (Levels 9-12)	87 174	39.7	377 377	219 831	231
Senior management (Levels 13-16)	54 226	24.7	753 139	219 831	72
Contract (Levels 1-2)	828	0.4	19 714	219 831	42
Contract (Levels 3-5)	347	0.2	18 263	219 831	19
Contract (Levels 6-8)	4 590	2.1	208 636	219 831	22
Contract (Levels 9-12)	6 798	3.1	323 714	219 831	21
Contract (Levels 13-16)	8 601	3.9	860 100	219 831	10
Abnormal Appointment	77	0	3 850	219 831	20
<b>TOTAL</b>	<b>214407</b>	<b>97.5</b>	<b>299451</b>	<b>219831</b>	<b>716</b>

**TABLE 2.3 – Salaries, overtime, home-owners allowance and medical assistance by programme**

Programme	Salaries (R'000)	Salaries as % of personnel cost	Overtime (R'000)	Overtime as % of person- nel cost	HOA (R'000)	HOA as % of person- nel cost	Medi- cal ass (R'000)
Prog 1: Administration	58940	78.4	577	0.8	2113	2.8	2586
Prog 2: Housing Policy Research & Monitoring	14217	76.3	38	0.2	366	2	497
Prog 3: Housing Planning and Delivery Support	41316	72.9	151	0.3	1363	2.4	1535
Prog 4: Housing Development Finance	19584	72.5	537	2	659	2.4	970
Prog 5: Strategic Relations and Governance	33170	78.3	18	0	833	2	1280
Prog 1: Administration31000000	11	100	0	0	0	0	0
<b>TOTAL</b>	<b>167238</b>	<b>76.1</b>	<b>1321</b>	<b>0.6</b>	<b>5334</b>	<b>2.4</b>	<b>6868</b>

**TABLE 2.4 – Salaries, overtime, home-owners allowance and medical assistance by salary**

Salary bands	Salaries (R'000)	Salaries as % of personnel cost	Overtime (R'000)	Overtime as % of person- nel cost	HOA (R'000)	HOA as % of person- nel cost	Medi- cal ass. (R'000)
Lower skilled (Levels 1-2)	1739	66	17	0.6	200	7.6	239
Skilled (Levels 3-5)	5963	65.8	333	3.7	463	5.1	720
Highly skilled production (Levels 6-8)	28726	70.2	546	1.3	1252	3.1	2567
Highly skilled supervision (Levels 9-12)	66546	73.5	355	0.4	1519	1.7	2557
Senior management (Levels 13-16)	44044	79.6	0	0	1860	3.4	743
Contract (Levels 1-2)	822	97.3	7	0.8	0	0	0
Contract (Levels 3-5)	327	94.2	9	2.6	0	0	0
Contract (Levels 6-8)	4486	97.5	52	1.1	0	0	0
Contract (Levels 9-12)	6330	91.9	4	0.1	0	0	27
Contract (Levels 13-16)	8178	94.4	0	0	40	0.5	15
Abnormal appointment	77	96.3	0	0	0	0	0
<b>TOTAL</b>	<b>167238</b>	<b>76.1</b>	<b>1323</b>	<b>0.6</b>	<b>5334</b>	<b>2.4</b>	<b>6868</b>