



DEPARTMENT OF HUMAN SETTLEMENTS

Vote 31, Annual Report for the year ended 31 March 2013

RP165/2013

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CC SEPTEMBER (MP)

I have the honour of submitting the Annual Report of the Department of Human Settlements for the period 1 April 2012 to 31 March 2013 for tabling in the National Assembly on 30 September 2013.

A handwritten signature in black ink, appearing to be 'T Zulu', enclosed within a large, hand-drawn oval.

T ZULU
DIRECTOR-GENERAL
DATE: 31 MARCH 2013

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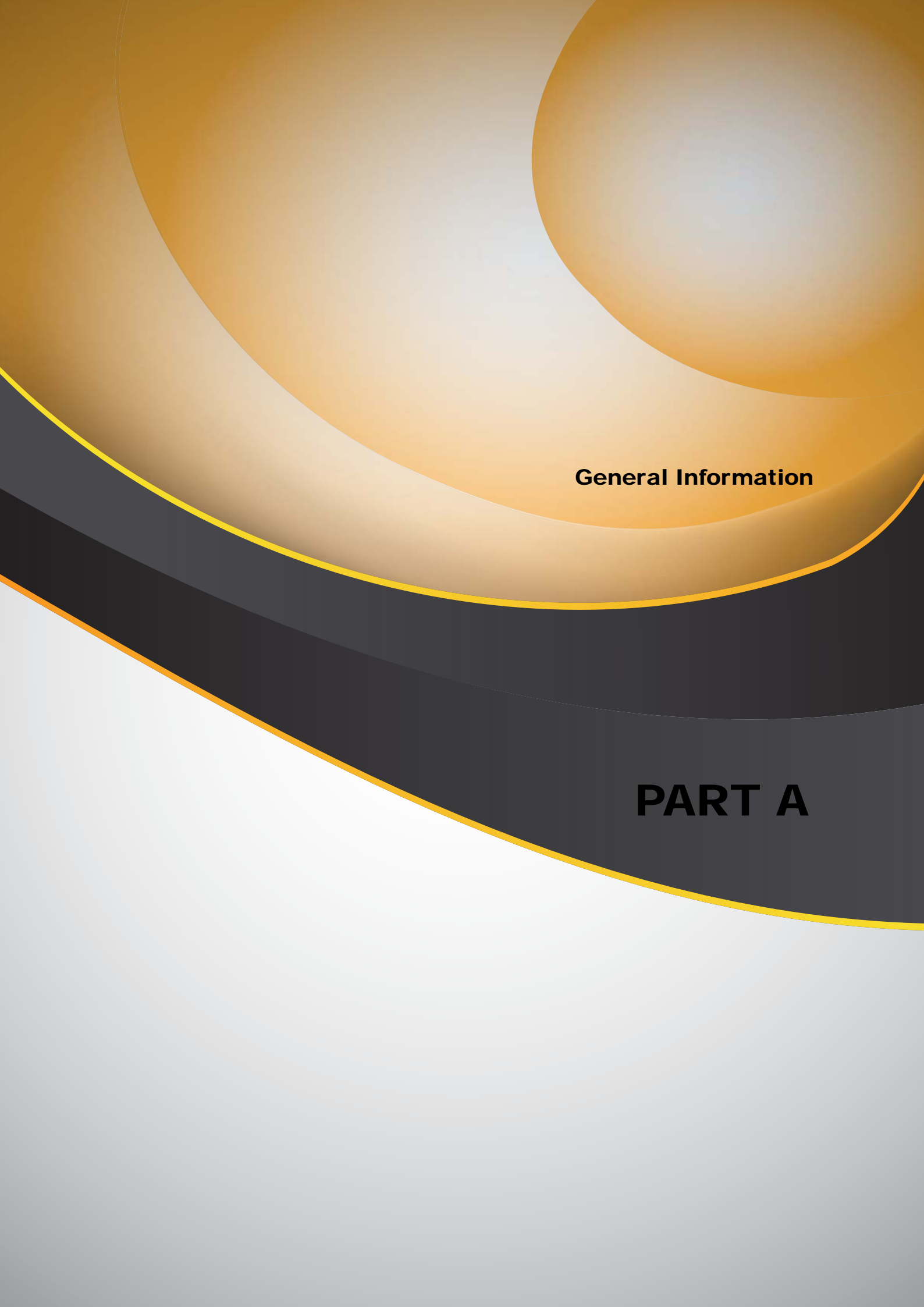
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General Information

PART A

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS AND ACRONYMS

AMCHUD	African Ministerial Conference on Housing and Urban Development
AU	African Union
BEPP	Built Environment Performance Plan
CD	Chief Directorate
CGICTP	Corporate Governance ICT Policy
CoGTA	Cooperative Governance and Traditional Affairs
CPD	Continuing Professional Development
CRU	Community Residential Units
CSOS	Community Scheme Ombud Services
DDG	Deputy Director General
DFI	Development Finance Institution
DG	Director-General
DHS	Department of Human Settlements
DIRCO	Department of International Relations and Cooperation
DoRA	Division of Revenue Act
DPME	Department of Performance Monitoring and Evaluation
DPSA	Department of Public Services and Administration
DRD&LR	Department of Rural Development and Land Reform
DTI	Department of Trade and Industry
EAAB	Estate Agency Affairs Board
EAH	Employer Assisted Housing
EMT	Executive Management Team
EWSETA	Energy and Water Sector Education and Training Authority
FLISP	Finance Linked Individual Subsidy Programme
FOSAD	Forum of South African Directors-General
GMHSA	Govan Mbeki Human Settlements Awards
GWEA	Government Wide Enterprise Architecture
H&H	Health and hygiene
HDA	Housing Development Agency
HDI	Human Development Index
HSDG	Human Settlements Development Grant
HSS	Housing Subsidy System
HRM	Human Resource Management
IBSA	India-Brazil-South Africa Dialogue Forum
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IGR	Intergovernmental relations
IMS	Information Management Systems
IT	Information Technology
JCC	Joint Commission for Cooperation
KPI	Key performance indicator
MDI	Mortgage default insurance
MEC	Member of Executive Council
MEIA	Monitoring, Evaluation and Impact Assessment
MIG	Municipal Infrastructure Grant
MINMEC	Minister and Members of Executive Council
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NHBRC	National Home Builders Registration Council
NHFC	National Housing Finance Corporation
NURCHA	National Urban Reconstruction and Housing Agency
NUSP	National Upgrading Support Programme
NYDA	National Youth Development Agency
ODA	Official Development Assistance
OHS	Occupational Health and Safety
PDE	Professional Designation Exam

PFMA	Public Finance Management Act
PHP	People's Housing Process
PoA	Program of Action
PMU	Programme Management Unit
RDP	Reconstruction and Development Programme
RHIP	Rural Households Infrastructure Programm
RHLF	Rural Housing Loan Fund
SACTSP	South African Cuban Technical Support Programme
SAWIC	South African Women in Construction
SDI	Slum Dwellers International
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
SIU	Special Investigating Unit
ToR	Terms of Reference
UISP	Upgrading Informal Settlements Programme
USDG	Urban Settlement Development Grant
WASH	Water, Sanitation and Hygiene
WSA	Water Services Authority
WSDP	Water Services Development Plans
WUF	World Urban Forum
YIHS	Youth in Human Settlement

3. STRATEGIC OVERVIEW

3.1. Vision

A nation housed in sustainable human settlements.

3.2. Mission

To facilitate the creation of sustainable human settlements and improved quality of household life.

3.3. Values

The core values guiding and regulating the department are based on the Constitution of the Republic of South Africa and supporting legislations and include:

- Accountability
- Fairness and equity
- Choice, quality and affordability
- Sustainability
- Innovation
- Batho Pele principles

3.4. Strategic outcome-orientated goals

The following are departmental strategic outcome-orientated goals informed by government outcome-based performance approach to Outcome 8:

1. Accelerated delivery of housing opportunities.
2. Access to basic services.
3. Efficient utilisation of land for human settlements development.
4. Improved property market.

4. LEGISLATIVE AND OTHER MANDATES

Please note that the legislative mandate of the Department remains the same as reflected in the previous annual report (2011–2012) save for the inclusion of the following:

Estate Agency Affairs Act, 1976

Following a Presidential Proclamation, the Department took over the administration of the Estate Agency Affairs Act, 1976, from the Department of Trade and Industry (DTI) during May 2012. The principal objectives of the Act are to:

- Establish the Estate Agency Affairs Board (EAAB) to regulate the conduct of estate agents.
- Establish the estate agents fidelity fund.
- Monitor trends within the real estate industry.
- Render education and training to estate agents.

Other specific constitutional, legislative and policy mandates of the Department, including government policy frameworks, are:

- Constitution of the Republic of South Africa
- Housing Act, 1997 (Act No. 107 of 1997)
- Comprehensive Plan for the Creation of Sustainable Human Settlements
- The Housing Consumer Protection Measures Act, 1998 (Act No. 19 of 1998)
- The Housing Development Agency Act, 2008 (Act No. 23 of 2008)
- Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29)
- The Social Housing Act, 2008 (Act No. 16 of 2008)
- The Division of Revenue Act, 2011 (Act No. 6 of 2011)
- The Rental Housing Act, 1999 (Act No. 50 of 1999)
- Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000)
- Inclusionary Housing Bill
- Sectional Titles Scheme Management Bill
- Community Scheme Ombud Service Bill
- Intergovernmental Relations Framework (Act No. 13 of 2005)
- National Development Plan

5. ORGANISATIONAL STRUCTURE



6. ENTITIES REPORTING TO THE MINISTER/MEC

Name of public entity	Mandate	Output	Current annual budget	Date of next evaluation
National Housing Finance Corporation (NHFC)	Mobilise funding into human settlements space in partnership with broad range of institutions	<ul style="list-style-type: none"> Facilitate increased and sustained lending by financial institutions Expand housing finance activities through effective provision of housing finance opportunities Provide robust, timely, relevant market research Conduct business in an ethical manner to ensure continued sustainability of the NHFC 		November
Home Builders Registration Council (NHBC)	Provide innovative quality products and services that will delight the customer	<ul style="list-style-type: none"> Enforcement and compliance IT and technical support Home builder training and development Stakeholder relations Quality assurance 		November
EAAAB	Improve compliance with the Estate Agency Affairs Act	<ul style="list-style-type: none"> Build capacity of key stakeholders Professionalise the Estate Agency sector Improve the effectiveness and efficiency of the EAAAB Increase stakeholder awareness of the EAAAB and its role and services Effectively and efficiently control and manage the Fidelity Fund 		November
Housing Development Agency (HDA)	Facilitate the release of land and landed properties for human settlements development	<ul style="list-style-type: none"> Identify land for human settlements development Validate and prioritise land for acquisition Prepare acquired land for development Sector support in land assembly (identification and planning/programming research) Monitor progress of development on land acquired with human settlement grant funding 	R97.5 mil	November

Name of public entity	Mandate	Output	Current annual budget	Date of next evaluation
National Urban Reconstruction and Housing Agency (NURCHA)	Ensure the availability of bridging finance to small, medium and established contractors building low- and moderate-income housing and related community facilities and infrastructure	<ul style="list-style-type: none"> The certificate-based lending, for subsidy housing projects and infrastructure/community facility projects, will be the main form of lending for these programmes The Affordable Housing Programme will continue to be the cornerstone of NURCHA's sustainability and will grow in scale 	R100 mil	
Rural Housing Loan Fund (RHLF)	Empower low-income households in rural areas to access housing credit, by providing loans through retail intermediaries to its target market to be utilised for incremental housing purposes	<ul style="list-style-type: none"> Community based organisations: likely to enable RHLF to reach the self- and informally employed market Employee-based organisations: strategy is to partner union owned trusts to deliver housing finance to members Beneficiaries of other government programmes such as land restitution: to help with housing finance component in development 		
Social Housing Regulatory Authority (SHRA)		<ul style="list-style-type: none"> Provide an effective administrative back office Undertake quality accreditation and monitoring and evaluation functions as provided for in the Social Housing Act Efficiently execute the investment function as provided for in the Social Housing Act Provide a pertinent programme for the implementation of the institutional grants as provided for in the Social Housing Act 	R32.2 mil	November

7. FOREWORD BY THE MINISTER

Over the last four years, we have been dedicated to the implementation of our mandate. We can state without any equivocation that a firm foundation has been laid towards a sustainable and integrated human settlements objective: Vision 2030.

The work of this report reflects our efforts, premised upon housing for the poor, the GAP market, and the middle- to high-income earners. All of these are critical and applicable for different requirements within the comprehensive human settlements environment.

The key focus going forward is maintaining momentum on the delivery of quality human settlements, which has been our key feature during this term of office.



TMG SEXWALE (MP)
MINISTER OF HUMAN SETTLEMENTS
DATE: 31 MARCH 2013

8. OVERVIEW OF THE ACCOUNTING OFFICER

The 2012/13 financial year was the third financial year in which we existed as the Department of Human Settlements (DHS) and cemented the outcome-based approach in line with the National Development Plan.

It also marks the third year of the existence of a new system of an outcomes-based approach with relevant delivery agreements. To date there has been progress on outcome-based reporting and setting systems for provincial uptake of the outcome-based planning and project implementation. Through collaboration and coordination, Provinces as delivery agents were brought to the outcomes-based approach as they discharge their responsibilities to change the lives of citizens for the better.

These developments have inspired all of us to respond in a dynamic and sustainable manner and to redouble our efforts to restore dignity in the lives of citizens through the development and provision of sustainable human settlements. Through entities reporting to the Department, access to housing finance was facilitated, thus bridging the rural urban dichotomy in the human settlement environment.

We thus report that the human settlement sector has made reasonable strides and progress in setting the delivery framework and systems for the achievement of Outcome 8 targets. In the Informal Settlement Upgrading Programme we have improved outputs and have to date provided nearly 190 000 households with upgraded services and secure tenure. In 2011/12 we also took the necessary steps to ensure that households in the affordable sector increased their ability to access adequate housing.

In this regard, the National Housing Finance Corporation has commenced with the necessary work to activate the Mortgage Default insurance programme. The department has also revised the finance-linked individual subsidy programme (FLISP) to improve the ability of households in the income category R3 501–R15 000 to access mortgage finance for housing, thus increasing access to housing finance and the provision of shelter and basic services.

In the 2012/13 financial year, the management of the Urban Settlement Grant continued to receive attention in the devolution of powers to the local sphere of government.

The Department went on a massive recruitment drive to implement the turnaround strategy aimed at repositioning the organisation to better discharge its responsibilities in providing integrated and sustainable human settlements. The new organisational structure was implemented in line with the approved strategic plan. Its evaluation shall be undertaken during the 2013/14 financial year. Employee development plans in the context of the performance management system continued to receive attention so as to give meaning to the Departmental strategy.

These successes reflect tireless efforts by all stakeholders in the human settlement sector to respond to the challenge of working differently and better. In a short period, a firm foundation has been laid for the provision of human settlements through a coordinated government effect. This annual report gives an account of this success as implemented through each programme in the Department.

You are thus invited to note our efforts within the available resources to address the human settlement challenges in the context of dwindling land mass available for governmental programmes and creative measures to better build sustainable human settlements. It is in creating the balance between governmental programs and private sector developments that you should note the macro benefit of housing programs to social and economic stability over the year under review.



T ZULU
DIRECTOR-GENERAL
DEPARTMENT OF HUMAN SETTLEMENTS
DATE: 31 MARCH 2013



PERFORMANCE INFORMATION

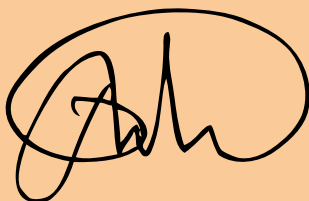
PART B

1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

As the Accounting Officer of the national DHS, I am responsible for the preparation of the Department's performance information and for the judgments made based on this information.

I am further responsible for establishing and implementing a system of internal control designed to provide reasonable assurance of the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of the department for the financial year ended 31 March 2013.



T ZULU
DIRECTOR-GENERAL
DEPARTMENT OF HUMAN SETTLEMENTS
DATE: 31 MARCH 2013

2. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Please refer to annual financial statements Part E of the annual report.

3. OVERVIEW OF DEPARTMENTAL PERFORMANCE

3.1. Service delivery environment

In light of the extended mandate, the Department reviewed its mandate and delivery value chain informed by the seven strategic areas of the housing policy. This resulted in the Department approving the implementation of a turnaround strategy, which included the organisational structure being improved so as to cater for the expanded scope, focus and depth of work in relation to the three spheres of government.

The above resulted in reconsideration of the business model to achieve: (1) seamless administrative processes, (2) improved internal Departmental performance, particularly in relation to the three spheres of government, (3) improved coordination which pointedly minimises silo planning and operation, and (4) effective layers of management and specialisation.

Whilst Government believes that the fundamentals of the housing policy remain relevant and sound, a new model and strategy is required to redirect and enhance existing mechanisms, in order to move towards a more responsive and effective delivery regime. The expanded human settlements mandate reinforces the vision: to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and promote quality household life.

The Housing Policy and Strategy (1994) has, since the advent of the new democratic regime, attempted to transform the extremely fragmented, complex and racially based South African human settlement environment. Further to this, it also had to transform and regulate the financial housing and institutional framework inherited from the previous government.

Simultaneously, new initiatives, structures and systems were developed and put in place to ensure the establishment of new communities and to address the critical nationwide housing backlog. The significant achievements of this programme have been recognised both nationally and internationally. Significant socio-economic, demographic and policy shifts have also occurred over the past 10 years.

The current political and socio-economic pressures, however, require a new legislative framework, new policy initiatives and innovative housing programmes and projects to stabilise the newly established Human Settlements Department and facilitate the accelerated trend of urbanisation of the population. This is the current reality that the Department has to plan for, adapt to and successfully manage in order to deliver upon its mandate.

The DHS conducted a review of its current national human settlements mandate and strategy and subsequently a macro structure that will support the delivery thereof has been developed. The recommended structure is aligned with the new mandate, broadened from the limited scope of "housing" into all spheres of "human settlements", consequently necessitating the broader strategic objectives. The focus required value-added analysis to ensure that the Department's mandate would be enabled through the adoption of recommended changes, which would result in a tangible improvement in the current service delivery levels within the country.

Within this broader vision, the Department is committed to meeting the following specific objectives:

- Accelerating the delivery of housing as a key strategy for poverty alleviation;
- Utilising provision of housing as a major job creation strategy;
- Ensuring property can be accessed by all as an asset for wealth creation and empowerment;
- Leveraging growth in the economy;
- Combating crime, promoting social cohesion and improving quality of life for the poor;
- Supporting the functioning of the entire single residential property market to reduce duality within the sector, by breaking the barriers between the first economy residential property boom and the second economy slump; and
- Utilising housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring.

The Comprehensive Plan for the Creation of Sustainable Human Settlements envisages enhanced delivery systems and approaches to achieve the vision and objectives set out above. Specifically, the Plan requires the housing sector to implement bold initiatives to achieve the objectives of delivering sustainable human settlements. However, based on the adoption of the National Development Plan, further strategic initiatives and repositioning will have to be undertaken by the Department to ensure appropriate alignment to achieve national state and Government outcomes.

Furthermore, there is a need to strengthen the powers, capability and roles of national Government to formulate strategic interventions to drive the national housing programmes and priorities on one hand and human settlements on the other. Such efforts aim to resolve the acute shortage of capacity to deliver on Government services. The strengthening of inward- and outward-looking capacity development initiatives outlined herein not only deals with the capacity shortage but also addresses the institutional and delivery model necessary to achieve the objectives of the Comprehensive Plan and the National Development Plans.

The delivery responsibility shared between the national, provincial and local Governments also poses a challenge in the sense that, although the national Department has an overarching responsibility around housing matters, the implementation of policies lies in different spheres of government. This makes it impossible for the National Department to monitor projects and allocate resource distribution. Notwithstanding this challenge, the DHS needs to enhance its own capacity and capability in response to the Comprehensive Plan.

For purposes of realising the key objective of creating sustainable human settlements and accelerating housing delivery, and following the conclusion that local Government generally does not have the capacity to implement the Integrated Sustainable Human Settlements model, provision is now made for a significant growth in the areas of national and local Government programme implementation support. This has largely been ignored before and is in direct agreement with the proposal being made.

The Departmental Strategic and Annual Performance Plans 2013/16 have been compiled to be in line with the Departmental Budget Structure, and more specifically in compliance with Treasury Regulations 6.2.1.

Office space limitations continued to force the Department to implement its plans constrained by lack of adequate capacity. This showed itself in increasing contract appointments and overtime by support staff. There is still reluctance by financial institutions to fully comply with the Home Loan and Mortgage Disclosure Act. The department had to establish a task team to address the concerns they are raising. Cooperation by Provinces to compile plans for the phasing out of the Debtors System has not been encouraging. Northern Cape will become the fourth province since 1994 to finish the Debtors System phase out as it concludes devolution processes with various municipalities during 2013/14.

3.2. Service delivery improvement plan

Main service for service delivery improvement and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
XXX	XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX	XXX

Consultation arrangements for customers

Type of arrangement	Actual customer	Potential customer	Actual achievements
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX

Service delivery access strategy

Access strategy	Actual achievements
XXX	XXX
XXX	XXX

Service information tool

Type of information tool	Actual achievements
XXX	XXX
XXX	XXX

Complaint mechanism

Complaint mechanism	Actual achievements
XXX	XXX
XXX	XXX

3.3. Organisational environment

The Department during the period under review finalised the turnaround strategy, aimed at enabling the Department to effectively respond to the human settlement conditions in South Africa. The strategy was aligned to context, organisational design and structure, strategy of the Department and outcome-based approach of Government.

The DHS concluded the review of its current national human settlements mandate and strategy and subsequently a macro structure that will support the delivery thereof was developed and approved.

The Department embarked on filling all the vacant positions to address the challenge of lack of skills. The strengthening of inward and capacity development initiatives is aimed to achieve the mandate of the DHS.

From a human resource management (HRM) perspective, significant developments are as follows:

- At the commencement of the 2012/13 financial year, a new structure was implemented in support of the department's turnaround strategy. Officials were migrated to this structure.
- Significant efforts have been made to fill vacant, funded posts and reduce the number of vacancies.
- Key appointments that were made were that of the DDG: Chief of Operations and DDG: Project Management Unit.
- There was no strike during the year in question.
- With regard to Employment Equity and other transformation initiatives, the Department reviewed its Employment Equity Plan to support the transformation agenda of the department.

The National Upgrading Support Programme (NUSP) has gained momentum during the financial year.

The Programme Management Unit was established following the approval of the new Departmental structure. This meant

that several new posts were created which remained vacant for a considerable period and the unit did for some time not function optimally. In addition, existing human resources took some time to adapt to their new roles, functions and mandates.

Due to a variety of circumstances and reasons, several crucial management positions were not filled and officials had to act in such positions. This placed an additional responsibility on certain officials who were already under severe pressure due to the critical responsibilities they had to perform.

In the case of the Sanitation function, which was, *inter alia*, responsible for the management of the Rural Household Infrastructure Programme (RHIP), a service provider was appointed to provide additional project management services. Eight service providers were also appointed to assist with the implementation of the programme in terms of the appointment and management of contractors within municipalities.

Two NUSP coordinators were appointed on contract to assist with the management of the NUSP; the HDA was approached for support in implementing the programme in Limpopo, North West Province and the Free State. These appointments contributed considerably to the successes achieved by the programme during the year. The implementation of the turnaround strategy with a revised organisational structure required that the various units undertake a process to ensure that the objectives and outcomes of the turnaround strategy are reflected in the unit human resources plan. The implementation of the revised structure, including the revision of post requirements and filling of vacancies, has impacted negatively on the ability of some sub-programmes to meet required targets and outputs. The revised organisational structure is in the process of being implemented and it is expected that a functional branch and unit structure will be introduced in the 2013/14 financial period.

3.4. Key policy developments and legislative changes

3.4.1. Legislative changes

3.4.1.1. Estate Agency Affairs Act, 1976

Following a Presidential Proclamation in May 2012, the Estate Agency Affairs Act, 1976, and the EAAB were transferred from the Department of Trade and Industry to the DHS. Amongst others, the Estate Agency Affairs Act, 1976, seeks to:

- Establish the EAAB.
- Regulate the conduct of estate agents.
- Establish the estate agency fidelity fund.
- Monitor trends within the real estate industry.
- Render education and training to estate agents.

3.4.1.2. Sectional titles schemes management regulations

The Sectional Titles Schemes Management Regulations, which are based on the Sectional Titles Schemes Management Act, 2011, were finalised. The Regulations were not published for public comment because the establishment of the Community Schemes Ombud Service (CSOS) was delayed.

3.4.1.3. CSOS regulations

The CSOS regulations, which are based on the Community Schemes Ombud Service Act, 2011, were finalised. The Regulations were not published for public comment because the establishment of the CSOS was delayed.

3.4.1.4. The HDA regulations

The HDA regulations, which are based on the Housing Development Agency Act, 2008, were finalised and tabled before Parliament for consultation.

In the period under review, key policy revisions, amendments and development impacting on the work of the branch and unit include the development of the Green Paper on Human Settlements, the Cabinet programme on evaluation of human settlements programmes and plans, revisions to the grant frameworks

for the Urban Settlements Development Grant (USDG) and Human Settlements Development Grant (HSDG) with focus on rectification and FLISP. In addition, Government focus on strategic integrated projects has required the work of the human settlements planning unit to ensure alignment with national strategic development programmes and plans, requiring amendments and changes to the business plan templates and formatting.

4. STRATEGIC OUTCOME-ORIENTED GOALS

The following are Departmental strategic outcome-orientated goals informed by Government outcome-based performance approach to Outcome 8:

1. Accelerated delivery of housing opportunities;
2. Access to basic services;
3. Efficient utilisation of land for human settlements development; and
4. Improved property market.

5. PERFORMANCE INFORMATION BY PROGRAMME

5.1. Programme 1: Administration

Purpose: Provide strategic leadership and administrative and management support services to the Department.

Sub-programmes and strategic objectives

The Administration programme has the following strategic objectives:

- provide executive support to the Office of the Director-General on Parliamentary, cabinet liaison, secretariat support and management of intra-departmental structures;
- manage internal audit, risk management and special investigation services to the Department;
- manage HRM services to the Department;
- manage corporate support services to the Department;
- manage inter and intra communication services to the Department;
- manage legal services to the Department;
- manage information systems (IMS) and information technology (IT) systems and infrastructure support services.

Strategic objectives, performance indicators, planned targets and actual achievements

The Chief Directorate of Human Resources met most of its targets during this reporting period. Specific areas of achievement are:

- On completion of the turnaround strategy and the implementation of the new structures, a Human Resource Plan was formulated, and approved by the Executive Authority.
- With the support of Human Resources, the Department has been actively involved in a recruitment drive to fill vacancies that appeared due the finalisation of the turnaround strategy with effect from 01 April 2012. 202 posts have been advertised and are in the process of being filled.
- Performance assessments, and appeals of officials on levels 1–12, were finalised.
- Work-study for the Chief Financial Officer branch was conducted and concluded. When the recommendations are approved, this will impact positively on payment of overtime and appointments of contract workers.
- Departmental internship and learnership programmes were successfully implemented, with 43 interns completing the internship programme and 23 employees successfully completed learnerships.
- An employee wellness programme was put in place and, through a service provider, rendered counselling services were offered to the employees.

The Chief Directorate of Corporate Support provides corporate support to the Department to enhance the quality of employees' work lives and service delivery with regard to the acquisition and maintenance of conducive office accommodation and facilities, security services, records management and library and information services.

Corporate Support met most of its targets during this reporting period. Specific areas of achievement are:

- Corporate Support implemented the provision of compliant protective security measures and processes, during which all vulnerabilities and potential threats were identified, assessed and dealt with to ensure that the corporate environment remains safe, secure and conducive to support the realisation of core business. Effective security measures were implemented for physical safeguarding of departmental assets, personnel security and securing state information.
- All safety and security prescripts and measures were complied with for all ministerial events. Shortlisted candidates

for the advertised vacant posts were screened before interview, in line with prescripts. Specifically, pre-employment vetting of personnel handling sensitive information, and security checks were conducted for service providers prior to bid adjudication processes.

- Departmental records were effectively managed through the implementation of approved policy and records classification systems. A decongestion project was initiated to establish an accurate inventory of all closed and terminated records, with 33 310 files sorted to date. 791.4 linear metres of qualifying ephemeral records were destroyed in line with approved disposal authorities, under the systematic disposal programme, with 19 relevant destruction certificates submitted to the National Archives and Records Service. The remainder of the closed Housing Support Institutions (Thubelisha and Social Housing Foundation) records, totalling 13.5 linear metres, were transferred to the custody of the Department.
- Departmental office accommodation and facilities were maintained in line with prescripts and departmental plans. It should be noted that the adequacy of office accommodation remains a challenge; however, after a protracted engagement with the Department of Public Works the matter is moving towards a resolution.
- In line with the Occupational, Health and Safety Act (Act No. 85 of 1993), the Department established committees to conduct monthly inspections to ensure compliance with a conducive and safe work place. Training interventions were also undertaken; first-aiders were appointed to assist with emergency onsite injuries.
- Access to library and information services and resources was facilitated. Four public requests for access to information under the Promotion of Access to Information Act were processed; two were declined due failure by requesters to comply with the provisions of the Act.

The Chief Directorate of Communication Services is tasked with managing the communication and public relations functions of the Department and to promote Outcome 8. Communication Services met most of its targets during this reporting period. Specific areas of achievement are:

- A multimedia campaign was rolled out to educate South Africans about the concept of sustainable human settlements. The campaign consisted of two television adverts, one radio advert in all official languages, print adverts and billboards. The multimedia campaign's impact will be measured in the next financial year.
- Communication Services supported departmental and ministerial programmes for project launch handovers and other related activities with targeted communication campaigns.
- The Chief Directorate held the Human Settlements Communicators' Forum, a meeting of national, provincial and human settlements institutions communicators. Communicators used this Forum to share ideas and find synergies.
- The Chief Directorate also filled two vacant director positions during the year under review. This brought capacity and the much needed leadership to the Directorates of Media Services and Public Information and Marketing.
- The Corporate Communications directorate disseminated accurate, fair and reliable information to internal stakeholders as well as managed the Department's call centre and help desk, facilitating responses to public inquiries. The departmental call centre is rated among the best in resolving public inquiries as reported in the Presidential Hotline reports.
- The Department's Production and Design directorate made sure that correct branding, styling and proofreading of all publications and branded items was undertaken in accordance with the corporate identity and the branding guidelines approved by Cabinet.
- Partnerships with provincial Human Settlements Departments and human settlements institutions remained an area of focus.

Other notable achievements of the Chief Directorate of Communications are as follows:

- Planned and coordinated the Minister's budget speech.
- Supported youth activities for Youth Month.
- Supported Women's Month activities.
- Managed the timely submission of the Annual Report.
- Participation in other government forums intended to enhance communication across Departments, such as the Social Cluster meetings, Human Settlements Communicators' Forum and GCIS workshops.
- Publishing generic beneficiary booklets.
- Continually reviewing and redesigning the website.
- Conducted face-to-face beneficiary campaigns.
- Showcased the Human Settlements brand on various platforms.
- Executed various communication campaigns, such as the multimedia campaign.
- Site boards have been erected in all priority projects of the Department.

The Chief Directorate of Communications was less successful in the production of the internal newsletter and an external

publication. The Human Settlements Communicators Forum was not held in one quarter.

During the period under review, the Chief Directorate of Legal Services was restructured and reorganised with the goal of improvement of service delivery. A new directorate called Contract Management Services was established. The legal compliance function was separate from the Chief Directorate. The Chief Directorate managed to achieve most of its performance targets. Notable key outputs achieved during the period under review are:

- The sectional titles schemes management regulations were finalised.
- The CSOS regulations were finalised.
- The Rental Housing Amendment Bill was finalised and tabled in Parliament; it was subsequently withdrawn due to technical reasons relating to its implementation.
- The Housing Consumers Protection Bill, which repeals the Housing Consumers Protection Measures Act, 1998, was finalised.
- The Draft Property Practitioners Bill, which repeals the Estate Agency Affairs Act, 1976, was finalised.
- Key establishment processes in the establishment of the Community Schemes Ombud Service were completed.
- The transfer of the administration of the Estate Agency Affairs Act, 1976, and the EAAB from the Department of Trade and Industry to the DHS was facilitated.
- The hosting of the Real Estate Industry Summit was coordinated.
- The Chief Directorate managed to render efficient and effective contract management services to the Department, including the formulation of service-level agreements, contracts, memoranda of agreements as well as international agreements.

The Chief Directorate was involved actively in the following litigation matters:

- Eagle Valley: the applicants sought alternative accommodation following eviction from an illegally occupied building.
- NHBRC vs Elliot: the application contested the constitutionality of section 22 of the Housing Consumers Protection Measures Act, 1998.
- NHBRC vs North West Human Settlements: the NHBRC sought to interdict the North West DHS from continuing with certain housing projects on the grounds of non-compliance with registration requirements.
- Granny Seape vs NHBRC: the applicant is contesting the scope and ambit of the Presidential Proclamation to the extent that it allows the Department to conduct investigations into the affairs of NHBRC.
- The Emma Joalana matter: the plaintiff is contesting the lawful occupation of a low-cost house.

During the reporting period, the Chief Directorate of IMS and IT managed, maintained and provided IMS and IT systems as well as infrastructure support services to the Department, to support business in the execution of the departmental strategy

The Chief Directorate also managed and maintained IMSs that support the development of integrated human settlements by providing an enabling systems environment to record the need of citizens for adequate shelter and the administration of the housing subsidy process at a provincial level. Notable key outputs achieved during the period under review are:

- Ensured availability of the various IMSs.
- Provided support and training to provincial and municipal users of the various IMSs.
- Managed and maintained the various IMSs to ensure alignment to the national Housing Code.
- Created and maintained formal communication channels and structures with the users of the various IMSs at provincial and municipal levels.

Strategic objective: To provide executive support to the Office of the Director-General						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations	
Number of reports on administrative and logistical support produced	Report on administrative and logistical support	Report on administrative and logistical support developed	Achieved report produced	N/A	N/A	
	Report on FOSAD document	Report on FOSAD documents	Achieved report produced	N/A	N/A	
Number of reports on Parliamentary and Cabinet liaison	Report on Parliamentary and Cabinet liaison	Four reports on Parliamentary and Cabinet liaison	Achieved report produced	N/A	N/A	
		Four reports on stakeholder liaison and engagements	Achieved report produced	N/A	N/A	
Report on record of proceedings	Record of proceedings	Record of proceedings	Achieved report produced	N/A	N/A	

Strategic objective: To provide departmental risk internal audit and special investigation services to the Department					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations
Approved and implemented annual internal audit plan	Planned audits: 31 Completed: 14 Not completed: 17 45% achievement Two ad hoc requested audits completed	Reviewed, approved and implemented internal audit annual plan	The internal audit plan was approved. Implementation status: <ul style="list-style-type: none"> • Audits planned: 21 • Completed audits: 15 • Three audits are in planning/ execution stage 	Three audits have been postponed to 2013/14 Six audits are incomplete and in various stages In 2011/12 the audit plan was 45% complete (14 audits out of 31) In 2012/13 the audit plan is 60% complete (15 audits out of 21)	Audit plan was not complete due to capacity constraints
Approved and implemented risk management strategy	Risk management strategy updated and presented to Risk Management Committee in August 2011. It was not approved pending finalisation of the turnaround strategy Risk profile was approved by the Accounting Officer	Reviewed, approved and implemented risk management strategy	Risk management strategy has been reviewed and updated	The risk management strategy has not been approved. It was reviewed and updated in both years	The strategy was not approved pending the finalisation and review of the impact of the implementation of the turnaround strategy

Strategic objective: To provide departmental risk internal audit and special investigation services to the Department					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations
Reviewed, approved and implemented anti-fraud and corruption strategy	<p>Prevention</p> <ul style="list-style-type: none"> 10 awareness workshops conducted for Department employees Six awareness sessions conducted for branches within Department Four awareness sessions conducted for Sanitation regional office employees Eight anti-corruption awareness workshops conducted for municipal employees and officials <p>Reduction</p> <ul style="list-style-type: none"> Poor workmanship/ poor-quality houses illegal evictions/ threatened evictions Unfair rental/ inconsistent rental fees illegal sale/ rental of low-income houses Non-payment of contractors/sub-contractors Delay/failure to allocate low-income houses Fraud and Corruption Detection Special Investigations Directorate dealt with 170 cases: 48 cases referred to Gauteng; 20 cases referred to KwaZulu-Natal, Eastern Cape, Western Cape, Mpumalanga; 25 cases finalised internally In remaining 20 cases, complainants could not be reached telephonically and there is no further information regarding complainants SIU investigated and completed 42 housing projects out of a total of 59 housing projects under investigation 	Reviewed, approved and implemented anti-fraud and corruption strategy	Draft revised fraud and corruption prevention policy, whistle-blowing policy and fraud prevention plan finalised	Strategy not reviewed and approved	<p>The independent review of anti-fraud and corruption processes revealed that the existing documents are not addressing fraud and corruption prevention and corruption prevention strategy requirements</p> <p>The Department had to review its plans and develop a policy that will inform the development of a strategy</p>

Strategic objective: To manage the corporate services to the Department						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations	
Number of reports on compliance with all security standards	Four reports on compliance with all security standards	Four reports on compliance with all security standards	Four reports on compliance with all security standards submitted	N/A	N/A	
Number of reports on facilities and property management	Four reports on facilities and property management	Four reports on facilities and property management	Four reports on facilities and properties submitted	N/A	N/A	
Number of reports on records management	Four reports on records management	Four reports on records management	Four reports on records management submitted	N/A	N/A	
Number of reports on library and information management services provided	Four reports on library and information management services provided	Four reports on library and information management services	Three reports on library and information management services provided submitted	One report on library and information management services provided; not submitted	The unit's annual performance plan for 2012/2013 had not yet been approved at the end of the first quarter	

Strategic objective: To manage human resources management services to the Department						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations	
Number of reports on coordinated HRM services	Four reports on coordinated human resource services	Four reports on coordinated human resource services	Four reports on coordinated human resource services	N/A	N/A	
Number of reports on coordinated human resource development initiatives	Four reports on coordinated human resource development initiatives	Four reports on coordinated human resource development initiatives	Four reports on coordinated human resource development initiatives	N/A	N/A	
Number of reports on coordinated labour relation services	Four reports on coordinated labour relation services	Four reports on coordinated labour relation services	Four reports on coordinated labour relation services	N/A	N/A	
Number of reports on organisational transformation programmes	Four reports on organisational transformation programmes	Four reports on organisational transformation programmes	Four reports on organisational transformation programmes	N/A	N/A	

Strategic objective: To manage inter and intra communication service to the Department						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations	
Number of reports on the implementation of corporate communication strategy	N/A	Four reports on the implementation of corporate communication strategy	Four reports on the implementation of corporate communication strategy	N/A	N/A	
Number of reports on the implementation of media services strategy	N/A	Four reports on the implementation of media services strategy	Four reports on the implementation of media services strategy	N/A	N/A	
Number of reports on the implementation of public information and marketing strategy	N/A	Four reports on the implementation of public information and marketing strategy	Four reports on the implementation of public information and marketing strategy	N/A	N/A	

Strategic objective: To manage legal services to the Department					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations
Number of litigation and legal advisory services	N/A	Four reports on litigation and legal advisory provided	Four reports on litigation and legal advisory provided	N/A	N/A
Number of legislative framework developed	N/A	Four reports on legislative frameworks developed	Four reports on legislative frameworks developed	N/A	N/A
Number of reports on oversight of contracts in the department conducted	N/A	Four reports on oversight of contracts in the Department conducted	Four reports on oversight of contracts conducted	N/A	N/A

Strategic objective: To manage IMS and IT systems and infrastructure support services					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations
Number of reports on IT services	N/A	Reports on IT services	Reports on IT services submitted	N/A	N/A
Approved IT infrastructure strategy and implementation plan	Reports on implemented IT infrastructure projects	Approved IT infrastructure strategy and implementation plan	Approved IT infrastructure strategy and implementation plan submitted	N/A	N/A
Number of reports on the implementation of integrated business solutions programmes and plans	N/A	Four reports on the implementation of the integrated business solutions programmes and plans	Four reports on the implementation of the integrated business solutions programmes and plans submitted	N/A	N/A

Strategy to overcome areas of underperformance

The Department has approved a co-sourcing strategy to augment skills and capacity within the Chief Directorate.

The Executive Management Team (EMT) approved the information and communication technology (ICT) strategy plan 2012/2013 and it is being implemented not only to address the ICT underperformance but also to address the SITA-assessed Department ICT strategy plan 2012/2016, which has provided a report with a Strategic Enterprise Architecture Framework Implementation plan and a proposal that will also address the long-standing ICT Auditor General findings.

It has been presented to EMT and an Operational Plan is being drafted with the participation of all the Department stakeholders to address ICT underperformance and its challenges.

The EMT approved the 2012/2013 and the SITA-assessed 2012/2016 ICT Strategy Plan as part of the Government modernisation programme framework for all government departments. The assessment criteria apply Department of Public Services and Administration (DPSA) best practice and guidelines to the ICT policy framework that is based on the following and addresses the Department's business requirements:

- Government Wide Enterprise Architecture (GWEA) framework best practice
- Mapped to DPSA Corporate Governance ICT Policy (CGICTP) framework guidelines
- Mapped to master systems plan-in-a-box ICT methodology
- Mapped to COBIT V5 for governance
- King III Business Corporate Governance framework best practice

An assessment report was prepared providing the findings as well as recommendations for ICT improvement as follows:

- Aligned ICT and business strategy plans.
- Apply GWEA framework for ICT technology best practice.
- Implement the CGICTP framework with prescribed standards for governance and guidelines.

When the above is accomplished, the Department would have achieved the required ICT standards that are aligned to business practice and comply with all Government-required ICT standards. This will also address the long-standing ICT Auditor General findings.

Changes to planned targets

The sub-programme adhered to the plan aimed at coordination and leadership facilitation and accountability with a strong internal capacity to facilitate and coordinate planned administrative and strategic engagements.

Linking performance with budget

Administraton

Sub-programme	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	36,334	30,353	5,981	29,865	25,848	4,016
Management	65,429	52,084	13,346	78,163	55,149	23,015
Corporate Services	200,279	154,529	45,750	194,814	127,458	67,357
Property Management	38,156	20,403	17,753	28,768	17,586	11,182
Total	340,198	257,368	82,830	331,611	226,041	105,570

5.2. Programme 2: Human Settlements Delivery Frameworks

Purpose

To manage human settlements delivery frameworks.

Sub-programmes and strategic objectives

- **Operational Policy Frameworks** manages human settlements policy framework development.
- **Governance Framework** manages compliance to human settlements governance frameworks.
- **Advisory Services** advises on the project integration, quality assurance and provides assistance to the Portfolio Committee.

Strategic objectives, performance indicators, planned targets and actual achievements

Continuous policy advice, assistance and interpretation are being offered to stakeholders through various mechanisms that include workshops and seminars. A range of stakeholders are engaged in human settlement policies. In the past year these have included the various provinces and municipalities, the HDA, various Parliamentary committees, Human Settlement portfolio councillors, and other government departments. A South African position for engagement in the World Urban Forum was drafted; the Department exchanged knowledge within the India-Brazil-South Africa Dialogue Forum (IBSA) Working Group on Human Settlements, and shared experiences in bilateral engagements with Botswana and Uganda.

The success of policies of the Department was instrumental in the country being chosen by UN HABITAT as one of the 20 top-performing countries in addressing informal settlement upgrading. The Department was invited to share experiences at the Morocco Conference on "Making Slums History", held in November 2012.

Nine structured workshops are scheduled each year with provinces and their respective municipalities; these are based on newly approved policies, revised policies, and a number of different topics in the Human Settlement sphere. Of the nine scheduled workshops this year, only seven were held. This is not a failure on the part of the Department, but is rather due to the prevailing circumstances and priorities of particular provinces. This, however, still does not prohibit provinces from requesting policy advice and/or interpretation from the Department at a later stage. Every effort is made to, as far as possible, engage provinces and municipalities on their policy needs before topics for the structured workshops are chosen and concluded.

The policy unit has investigated and formulated detailed proposals on the adjustment of the ministerial national norms and standards in respect of permanent residential structures to enable compliance with the recent enacted national building regulations (SANS 10400 XA) in respect of energy-efficient buildings. These proposals were submitted to the Technical Task Team and Technical MINMEC for recommendations to MINMEC and a decision is expected early in the new financial year. Phase two of this project pertains to the revision of the Variation Manual; this phase of the project will be concluded during the second quarter of the 2013/14 financial year.

Women's economic empowerment road shows

In line with departmental outcomes and the governmental transformation agenda and charter on women empowerment and gender equality, the sub-programme implemented various women's economic empowerment road shows in the form of breakfast sessions in partnership with South African Women in Construction (SAWIC). These road shows were led by Deputy Minister Z Kota-Fredericks. The purpose of the road shows was to create awareness about the opportunities in human settlements for women contractors as espoused in the approved MINMEC policy framework on the participation and empowerment of women in human settlements. Various human settlements entities such as NHBRC, NHFC and SHRA participated in the programme. These road shows were hosted in Clanwilliam, Kannaland, Newcastle, Vredendal and Ladysmith, with participation of about 1 000 community members in total.

A women's economic empowerment gala dinner was successfully coordinated in Cape Town to commemorate Women's Month. The event was addressed by Deputy Minister Z Kota-Fredericks, Minister of Women, Children and People with Disabilities L Xingwana and Deputy Minister of Department of International Relations and Cooperation M Fransman.

Annual national Women's Build

In line with Outcome 8's imperative of upgrading informal settlements, the sub-programme successfully implemented a women's build during women's month. The build was implemented in Newcastle, KwaZulu-Natal, for the construction of 1 387 units by Motheo Construction (a woman-owned contractor) yielding 100 units constructed by volunteers from SAWIC, Kwa-Mathukuza and partnerships with the private sector. Kwa-Mathukuza was declared a provincial disaster

due to storms affecting the area. The intervention accelerated housing delivery and restoration of security, comfort and dignity of the affected communities. Minister TMG Sexwale and Deputy Minister Z Kota-Fredericks both participated in the build. The opening ceremony and closing ceremony were successfully coordinated and about 2 500 community members participated. Minister TMG Sexwale handed over the completed houses.

Nelson Mandela Legacy Build

The DHS partnered with private companies to construct eight alternative technology houses in Sokhulumi Village during the Nelson Mandela Legacy Build. The project was managed by SAWIC Gauteng Women Contractors. Stakeholders included Cheese Kids, the Department of Rural Development and Land Reform (DRD&LR) as well as the Department of Social Development, City of Tshwane, Gauteng Department of Housing and local government. The houses were handed over by Deputy Minister Z Kota-Fredericks during the 16 Days campaign. Sokhulumi is classified as a war-on-poverty zone which requires integrated intervention from various stakeholders and government departments to accelerate delivery. Most of the community members are still staying in mud houses, shacks and poorly constructed houses. No Reconstruction and Development Programme (RDP) or Upgrading Informal Settlements Programme (UISP) has been implemented as yet in the village.

Advisory Support

The sub-programme participated in consultative sessions coordinated by the Department of Women, Children and People with Disability and provided input on the Women Empowerment and Gender Equality Bill. Further, the unit also participated in the SAWIC Convention hosted in Durban, KwaZulu-Natal. Deputy Minister Z Kota-Fredericks addressed the convention.

A National Women in Human Settlements Forum was also coordinated to track progress from provinces on implementation of the policy framework for the empowerment of women. The sub-programme also provided a report to the Portfolio Committee on women, children and people with disabilities.

16 Days of Activism

The unit implemented a 16 Days campaign in Langa and Sokhulumi against gender-based violence. In Langa, Xolile Mosie was commemorated. The campaign focused on creating awareness about violence, peace initiatives and reconstruction of communities through self-help build projects.

Youth Training – National Youth Service

During the period under review, the sub-programme implemented a youth service programme, which includes technical and life skills training as well as construction of housing units by the trained youth. The programme was implemented in Winterveld (Gauteng), Kirkwood and Moltino (Eastern Cape), Nkomazi and JS Moroka (Mpumalanga) and Mossel Bay (Western Cape). The unit also participated in the Mpumalanga Youth in Human Settlement (YIHS) provincial launch by MEC for Human Settlements. 100 youth are targeted per project.

Annual National Youth Build

A national youth build was successfully implemented during Youth Month in Kirkwood, hosted by Sundays River Municipality, Eastern Cape. The build was part of an existing rectification and informal settlements upgrading programme which entailed about 750 units. The majority of the beneficiaries were elderly people, people with disabilities, youth-headed households and women-headed households. The community volunteers and stakeholders participated in the actual construction of houses, which yielded 100 units. Both the opening and closing ceremony, involving about 2 500 community members, were implemented successfully. Minister TMG Sexwale, Deputy Minister in the presidency Bapela, National Youth Development Agency CEO Steve Ngobeni, EC MEC for Human Settlements Helen Sauls-August and EC MEC for Social Development P Majodina participated during the handover ceremony. A community library was donated as part of an aftercare programme.

Advisory support

The sub-programme participated in the provincial Human Settlements Youth Summit hosted by KwaZulu-Natal. Further advisory support was granted to Gauteng, Western Cape, Eastern Cape and Mpumalanga for the YIHS programme. The unit also participated in the Commonwealth Conference on education and training of youth workers organised by the presidency. A provincial Youth in Human Settlements Forum was hosted.

Disability mainstreaming

The sub-programme developed terms of reference (ToRs), which were approved for the mainstreaming of disability in human settlements. A sector disability mainstreaming strategy will be developed and implemented in the new financial year 2013/14.

Community outreach

The unit supported all the community outreach programmes and conducted social facilitation and beneficiary profiling for Clanwilliam, Kannaland, Vredendaal, Ladysmith, Khayelitsha, Dunoon (Human Rights Day), Sokhulumi, Kirkwood, Newcastle, KwaMathukuza and Langa. It is estimated that about 3 500 families were targeted during the outreach programme. Further interventions included coordination of key stakeholders such as the Department of Health, Social Development and Rural Development. The unit also mobilised nine wheelchairs for people with disabilities during the outreach.

The sector also coordinated the Military Veteran programme, which included construction of a house for a military veteran during the youth build project.

A special house build for a family that was affected by fire was built through mobilisation of sponsorship. The house was handed over by Deputy Minister Z Kota-Fredericks.

Reports on the provision of Parliamentary committees management services

During the 2012/13 financial year, Advisory Services was able to produce four reports on the provision of Parliamentary committee liaison services with recommendations to the Office of the Director-General.

Strategic objective: Manage human settlements planning frameworks					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations
National human settlement policy developed and/or revised	National human settlement policy and related frameworks revised	New and/or revised national human settlements policy	Policy on adjustment of ministerial norms and standards in respect of permanent residential structures and the new subsidy quantum has been finalised	The revised norms and standards were submitted to MINMEC in March 2013 and a final decision is expected in May 2013	The MINMEC meeting did not constitute a quorum and the matter had to be deferred to the next meeting
	Number of reports on policy interpretation to departmental stakeholders, state attorney and legal counsel appointed by state attorney, and to provinces and municipalities	Four reports on policy interpretation to departmental stakeholders, state attorney and legal counsel appointed by state attorney, and to provinces and municipalities	interpretation to state attorney, provincial, legislative and disciplinary bodies	N/A	N/A
National human settlement policy developed and/or revised	Not established	Nine structured policy workshops on human settlement policies	Seven workshops on human settlement policies were held with provincial departments and their municipalities	Two workshops were outstanding	In 2011/2012, eight workshops were held in provincial departments and their municipalities – one more than the achievement of 2012/2013 Workshops are dependent on whether provinces find them suitable for that particular financial year; in some instances a particular province may not require assistance and or interpretation services

Strategic objective: To manage compliance with human settlements government frameworks					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations
Approved monitoring, evaluation and impact assessment and governance frameworks	None	Approved governance frameworks and implementation guidelines for 2012/13	None	Approved governance frameworks	No personnel capacity
Number of reports on the implementation of the sector transformation programmes and plans	None	Four reports on the implementation of the sector transformation programmes and plans	Achieved Reports on the implementation of sector transformation programmes and plans submitted with highlights of: <ul style="list-style-type: none"> • Women's economic empowerment road shows • Women's Build hosted by KZN • Youth Build hosted by Eastern Cape • Nelson Mandela Legacy Build hosted by Gauteng • 16 Days of Activism hosted by Western Cape and Gauteng • YHS implemented in Gauteng, Western Cape, Eastern Cape and Mpumalanga • Women and Youth Forums coordinated • Disability mainstreaming strategy approved • Community outreach and military veterans programme implemented 	N/A	NA
Four economic trends and market analysis reports	Four economic trends and market analysis reports	Four economic trends and market analysis reports	Four economic trends and market analysis reports	N/A	N/A

Strategic objective: To manage compliance with human settlements government frameworks						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations	
Number of monitoring reports: Four reports on Human Settlements project performance Four reports on human settlements index Four reports on Outcome 8	Four quarterly reports Four quarterly reports Four quarterly reports	Four quarterly reports Four quarterly reports Four quarterly reports	<ul style="list-style-type: none"> Three monitoring reports on human settlements performance One report on human settlements Index Four reports on Outcome 8 	A detailed verification was initiated in one province in the fourth quarter. (See evidence provided, PMU Branch) Performance is measured on annual basis. (See evidence provided, PMU Branch)		
Number of impact assessment reports	One report	One report	One report on UISP study in four provinces	N/A	N/A	
Functional governance framework system	Four quarterly reports	Four quarterly reports	None	Four quarterly reports	No personnel capacity	
Number of research reports on the identified themes in the research agenda	Eight research reports	Three research reports	Three research reports: <ul style="list-style-type: none"> Job creation calculation model Investigating the mortgage default insurance (MDI): its interface with policy and challenges with MDI in its current form 	Five research reports	Research unit was divided into three so that each unit can serve three strategic branches independently	
			<ul style="list-style-type: none"> Analytical research assessing whether FLISP has adequately responded to the challenges of access to housing for the gap market ToRs for the development of the business case to enhance the participation of youth to human settlements. ToRs for the development of the qualification criteria for military veterans 			

Strategic objective: To advise on project integration and quality assurance and provide assistance to the Portfolio Committee					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations
Approved project integration services master plan	None	Approved project integration services master plan	None	Approved project integration services master plan	Inadequate personnel capacity
Number of reports on project quality assurance	None	Four reports on project quality assurance	None	Four reports on project quality assurance	Inadequate personnel capacity
Number of reports on the provision of Parliamentary committees management services	None	Four reports on the provision of Parliamentary committees management services	Four reports on the provision of Parliamentary committees management services submitted	N/A	N/A

Strategy to overcome areas of underperformance

None

Changes to planned targets

Approved project integration services master plan and reports on project quality assurance.

The above targets were not achieved due to the fact that the unit is relatively new and therefore inadequately staffed. The unit is in the process of filling all vacant posts and has in the meantime amended its plans, in order to ensure achievement of delivery targets.

Linking performance with budget

Human Settlements delivery frameworks

Sub-programme	2012/2013			2011/2012		
	Final appropriation	actual expenditure	(over)/ under expenditure	final appropriation	actual expenditure	(over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	2,501	2,160	341	2,321	1,965	356
Operational Frameworks	17,039	14,561	2,478	8,756	7,624	1,132
Governance Frameworks	18,054	14,018	4,036	10,192	7,118	3,074
Advisory Services	3,711	3,616	95	3,723	3,640	83
Total	41,304	34,355	6,949	24,992	20,347	4,645

5.3. Programme 3: Human Settlements Strategy and Planning

Purpose

To provide implementation and delivery support, build capacity and liaise and communicate with stakeholders for housing and human settlement programmes.

Sub-programmes and strategic objectives

The branch strategy of the Chief Directorate of Human Settlements Planning is managing the development and compliance with human settlements sector delivery frameworks and overseeing integrated human settlements strategic and planning services.

The branch strategy of the Chief Directorate of Human Settlements Strategy is to oversee integrated human settlements strategic and planning services.

The branch strategy of the Chief Directorate of Stakeholder and Intergovernmental Relations is to manage stakeholders' relationships and intergovernmental relations (IGR) services.

Strategic objectives, performance indicators, planned targets and actual achievements

The Chief Directorate of Human Settlements Planning's key delivery objectives are to:

- Develop and review human settlement programme planning frameworks and instruments.
- Support and facilitate the implementation of the abovementioned frameworks and instruments at provincial and municipal level.
- Undertake research and development in respect of human settlement programmes and development planning.

The Chief Directorate has largely honoured the commitments set out for the reporting period. Where targets have not been met, these can to a large extent be ascribed to a lack of staff to accomplish said commitments and tasks, and the shortage of funding – in the case of the revision of the Red Book.

Regarding the first objective, it is noted that most of the frameworks for the HSDG were developed in the 2011/12 financial year; for 2012/13 minor additions and amendments were effected to reflect policy adjustment and enhancements. In addition, a business plan template was developed for the USDG; the business plan template will serve as an addendum to the Built Environment Performance Plans (BEPPs) submitted by the eight metropolitan municipalities. Finally, while not currently employed, it is noted that a business plan template has also been developed for the Rural Household Infrastructure Grant.

At the start of each financial year the Chief Directorate of Human Settlement and Planning embarks on a process of support to provinces in respect of their Human Settlement Development Conditional Grant business plans. During the preparation of the nine provincial business plans, the Chief Directorate provides said support on both compliance and substantive matters.

Finally, the national Department administers the USDG; it therefore is crucial to ensure that the metropolitan municipalities use the grant within accepted legislation and policy. More specifically, the Chief Directorate renders support and guidance in the development of BEPPs. Furthermore, the Chief Directorate plays an important role in providing inputs on human settlements development during the assessment of municipal integrated development plans (IDPs).

The Chief Directorate is currently conducting four evaluations in collaboration with the Department of Performance Monitoring and Evaluation (DPME). The evaluations will provide knowledge regarding the performance of housing strategic instruments, the integrated residential development plan and the USDG while giving a narrative of how the programme has performed with respect to creating assets for the poor and providing the poor leverage to access the city. To date the Chief Directorate has developed all four ToRs, subjected the ToRs to a vigorous consultation process with programme managers and affected provinces and municipalities and advertised two of the ToRs. The evaluations form part of a broader process to rethink the housing programme in preparation of developing a new Human Settlements Green Paper.

The key delivery objectives of the Chief Directorate of Stakeholder and Intergovernmental Relations are to:

- Coordinate stakeholder and intergovernmental engagements.
- Coordinate the implementation of the People's Housing Process (PHP).
- Coordinate stakeholder and intergovernmental forums.
- Coordinate international relations.

National and provincial conditional grant business plans for 2013/14

The 2013/14 business plan process has been finalised and delivered timeously to the National Treasury, within the prescript of the Division of Revenue Act. A rigorous process was followed to ensure that provincial plans are aligned to national priorities. This year marked improvement in the quality of business plans and their timely delivery, which enabled the Department to analyse and finalise the national business plan within the required timeframe. A comprehensive report was submitted to the Director-General.

Provinces were also engaged in quarterly performance review sessions and follow-up workshops to ensure that they were on par with the requirements of the delivery agreements.

Targeted support to municipalities

The Chief Directorate of Human Settlements Planning rendered support to the eight metropolitan municipalities on the newly developed USDG business plan and the first draft BEPPs. Technical training on the usage of the USDG business plan template was provided to Ekurhuleni, City of Jo'burg, Tshwane, Nelson Mandela, City of Cape Town and Mangaung. The metros were also engaged in BEPP review sessions. In addition, through the Induction Programme for Councillor Training in the Eastern Cape, KwaZulu-Natal, Mpumalanga, Western Cape, Limpopo and North West, municipalities were capacitated to develop higher quality housing sector plans. Assessment of IDPs was done in the Free State, Limpopo and Mpumalanga.

Assessment of township establishment applications

In rendering further advice to the built environment sector, the Chief Directorate assessed and provided feedback on a number of Township Establishment applications.

Strategic integrated projects

The Chief Directorate was tasked with reporting on progress made with SIPs 1–7 and 18. A working relationship was formed with the SIP coordinators from various sector departments, the Department of Economic Development and the HDA. The HDA mapped the City of Cape Town's SIP 7 projects. Priority has now been given to the Department's interventions in

mining towns, and the corresponding reports and presentations have been compiled to show how much of the HSDG has been dedicated to development in mining towns.

Collaboration with relevant sector departments

The Chief Directorate of Human Settlements Planning made significant input to the Spatial Planning and Land Use Management Bill by presenting inputs to the Portfolio Committee and the officials of the Department. The Chief Directorate, in collaboration with the HDA, reviewed the Limpopo DHS APP-Part D. The Chief Directorate liaised with the The Council for Scientific Industrial Research and Department of Science and Technology to redraft the Red Book. In addition, sessions were held with the Department of Environmental Affairs in order to give input to the Waterberg-Bojanala priority area. Sessions were also held with the Department of Water Affairs during the IDP analysis process.

Stakeholder portfolio management

The Chief Directorate of Stakeholder and Intergovernmental Relations is tasked with work that includes one-on-one engagement with private and public stakeholders, reporting feedback to the Department, as well as showing value-add to the Department on each engagement.

The following private stakeholders were engaged:

- Buyisani Trading and Distributors
- Enriro Options (Pty) Ltd
- Matjesa Investment Holdings
- Buhlebekhethu Community Project
- Siboniseng Construction
- Dutch Affordable Housing Solutions
- ACT•hec cc Construction Division
- Central Buying Suppliers
- Naturena Rehauwe
- RBM Greenbuild
- Ngentile Promotions
- Assetgrow INV
- Burnstone Development Trust
- South African Cities Network
- BSC Building
- Buildforce
- Epilepsy SA
- Wildbeesfotein Evaton Community Association
- Habitat for Humanity

The following public stakeholders were engaged:

- Cooperative Government and Traditional Affairs
- National Treasury (Cities Support Programme)
- Department of Mineral Resources
- Department of Science and Technology
- NURCHA
- National Housing Finance Cooperation

Stakeholder and outreach initiatives

The following departmental stakeholder outreach programmes were facilitated and implemented:

- The Masimong 4 Community Residential Units (CRU) project (launched 20 June 2012)
- Govan Mbeki Human Settlements Awards (GMHSA)
- Budget vote 2012
- World Urban Forum (WUF) Consultative Workshop
- Youth Build 2012 (14 May 2012)
- Joint MINMEC: Human Settlement and Cooperative Governance and Traditional Affairs (CoGTA) (13 July 2012)
- EAAB summit (31 July 2012)
- Mantheding Project Launch (24 July 2012)
- Construction Sector Breakfast (2 August 2012)
- Presidential visit to Sweetwaters and Bekkersdal (10 August 2012)
- Tlokwe CRU Launch, Municipal Accreditation and MINMEC (10 Aug 2012)
- Women's Build House Handover Closing Ceremony (30 August 2012)

- Fleurhof Integrated Human Settlement Development (20 September 2012)
- SAHF International Conference (16–18 September 2012)
- Bothasig Gardens Social Housing Project
- Cornubia Integrated Housing Development Project Launch
- World Toilet Summit
- Lephhalale SOD Turning Ceremony
- Preparatory meeting for the UN HABITAT International Conference on Women Empowerment
- World Urban Forum Report-back meeting
- Benguela Delegation visit to Cornubia (13 February 2013)
- MINMEC and Implementation Forum (21 February 2013)
- Kenyan delegation visit (1 March 2013)
- EAAB member announcement (7 March 2013)
- Launch of the Chair for Education in Human Settlements (19 March 2013)
- Preparation for Danida Energy Efficiency Pilot Project
- International Conference on the Architecture for 2014

Stakeholder programmes

The 2012 Awards were successfully implemented on 31 May 2012. A full article on the 2012 Awards was included on the Stakeholder Engagement July 2012 newsletter. The GMHSA implementation process was approved by the Minister in December 2012 for the 2013 Awards. Preparations for the Awards have taken place, with provincial Awards to be implemented in April 2013 and the national Awards to be hosted on 6 June 2013.

The GMHSA framework document was reviewed and endorsed by the GMHSA national task team meeting that was convened on 25–26 July 2012. The GMHSA Framework and roll-out plan were approved and endorsed by the Deputy Director General of Strategy and Planning. Subsequently, Technical MINMEC was convened in the third quarter.

Sponsorship was secured to construct a house for the Appolis family. Secondly, four steel doors were secured from a stakeholder for the National Association of People Living with HIV and AIDS. In October 2012, sponsorship of furniture worth R22 951.29 was secured for the Booyens family in Clanwilliam, Western Cape. The family had a fatal fire accident which resulted in the Booyens losing four children, their house and household contents.

The 16 Days of Activism campaign against abuse of women and children held at Bronkhorstspruit in the month of November 2012 was supported. Stakeholders were invited to attend a breakfast session in order to source sponsorship. The sub-directorate secured seven sponsors. An amount of R70 000 in cash was contributed. In addition, PPC contributed 1 000 bags of cement, worth R100 000; other stakeholders contributed building material such as door frames, window frames, furniture and a bicycle for a learner who must travel a long distance to school, as well as protective gear.

The Women's Build programme held at Newcastle in August 2012 was also supported and it secured 21 sponsors and an amount of R154 000 in cash. Further, sponsors contributed building materials such as brick trowels, plastering trowels, plastering floats, brick force materials, roof tiles, wheelbarrows, ceilings, door and window frames, toilet seats and paint. Others contributed construction clothing, T-shirts, blankets, bursaries for the children of beneficiaries and furniture.

The Chief Directorate identified challenges with the coordination of the Department's participation in the Forum of South African Directors-General (FOSAD) clusters, in which the Department is either a core member or a non-core member. As a result, it established a task team with the approval of the EMT. The Directorate also compiled ToR for the task team; its responsibilities include:

- Preparing into the agenda of the social sector cluster.
- Preparing comments on departmental position to serve at FOSAD clusters and FOSAD MANCO.
- Reviewing all inputs by the Department to the FOSAD cluster.
- Reviewing all inputs by the Department requiring Cabinet approval.
- Providing comments on external Cabinet memorandums.

The Chief Directorate also drafted and proposed an improved framework for the quarterly provincial and municipal performance reviews to the MT. The framework was welcomed by the EMT; it is designed to improve performance reporting and also ensure that the Department does oversee the delivery and expenditure on the HSDG and the USDG as per the approved business plans. Proper use of the HSDG and USDG is very important to the Department; hence the need to ensure improved monitoring as this has a direct impact on service delivery in terms of achievable targets.

In the absence of a disaster management nodal point, the Chief Directorate has coordinated a disaster management task team to develop a human settlements disaster management plan for the sector; the draft plan will be presented to the EMT in the first quarter of 2013/14 for endorsement. The plan will thereafter be workshopped at provincial and district levels. In the year under review, significant strides were made in the coordination of the government's programme of action between key sector partners. The Department has worked closely with the DRL&LR, which is responsible for Outcome 9, and Department of CoGTA, which is responsible for Outcome 7. A significant feature of the intergovernmental relationship with both the Department of CoGTA and DRD&LR has been the establishment of quarterly reporting regime where the national DHS provides key housing and sanitation progress information in support of their respective delivery agreement targets. The national DHS made key inputs into the delivery agreement refinement processes for both Outcomes 7 and 9, which will ensure a greater cohesion in the planning, implementation, funding, monitoring and evaluation of the delivery of human settlements priorities. Furthermore, the Directorate has developed a concept document and roll-out plan towards the establishment of the NHSUF. This process will allow all stakeholders to meaningfully participate in the ongoing debates and jointly develop policies and approaches pertaining to South Africa's human settlements development and urban development policies and programmes. The engagement with sector stakeholders to establish the NHSUF is in advanced stages and the Department of CoGTA has commenced with the development of the integrated urban development framework. The NHSUF will also serve as a critical stakeholder engagement platform for the integrated urban development framework. Key policy issues to be discussed include the development of a Green Paper for Human Settlements and the review of the Red Book (i.e. redesign of human settlements planning and urban policy).

The international programme of the DHS has been implemented as planned. The Directorate facilitated two incoming visits from Botswana's Ministry of Lands and Housing (4–12 June 2012) and the Namibian Deputy Minister of Regional and Local Government, Housing and Rural Development (13–17 August 2012). The Department has also received new proposals for cooperation from the Republic of Uganda, the Democratic Republic of Congo and the Republic of Zimbabwe, who have all proposed memorandums of understanding; the Department will still consider these proposed agreements and respond to the respective countries.

The DHS continued to service its existing bilateral cooperations. Under the Cooperation Arrangement signed with the Kingdom of the Netherlands, the Directorate coordinated the continued implementation of the Cooperation Arrangement through an approved 2012 annual implementation plan. Further, a series of workshops was also organised under the Cooperation Arrangement and the Department has hosted oversight committee meetings to monitor the implementation of the programme. The 2013 annual implementation plan and its project proposals were also discussed and revised accordingly and submitted to the Dutch oversight committee in February 2013 for consideration and approval as discussed during the annual review meeting.

The Department continued to manage the risks around the implementation of the Danida-funded project on energy efficiency measures in low-income housing, the N2 Gateway. The DHS in consultation with its stakeholders had requested extension of the project owing to delays in construction of houses in Joe Slovo 03 precinct. The project has further being extended to the next financial year and is expected to be completed in April 2013. The Department appreciates the cooperation of the Danish Embassy in this regard and is looking towards fast-tracking the completion of the houses to make way for the installation of solar geysers. The DHS has renewed both the contracts of the sustainability advisors and the project manager for the further implementation of the project.

In terms of the Department's cooperation with Cuba, the DHS has continued to coordinate the implementation of the South African Cuban Technical Support Programme (SACTSP) and has held its national committee meeting with all participating provinces to review the SACTSP implementation. Furthermore, following the study visit that took place in July 2011, the Department has being engaged in a process to review the bilateral agreement with Cuba to take stock of the challenges experienced in the implementation of the programme and to respond to the new mandate of the DHS. To this point, the Department has received a revised Memorandum of Understanding (MoU) from Cuba and a draft revised agreement was also prepared by the Department's legal service, which will be negotiated going forward. The Department is still engaged in a process to review the bilateral agreement with Cuba beyond 2014 in view of strengthening the agreement going forward.

The DHS has also continued to support the implementation of the China Assisted Housing Project in Graskop. Several meetings were held with all stakeholders and also bilateral meetings with the Chinese Embassy to address challenges experienced in the implementation of the project. The Department has prepared the ToRs, which will properly define roles and responsibilities of all stakeholders and help to ideally coordinate the involvement of all stakeholders to support the project implementation leading to the proposed launch in October 2013. The ToRs will be discussed during the first sitting of the SA-China oversight committee in implementation of the China Assisted Housing Project.

In terms of the agreement with Angola, the Department participated in the interdepartmental meeting organised by the Department of International Relations and Cooperation (DIRCO) in the first quarter in preparation for the envisaged incoming visit by the Angolan technical team to discuss and unlock some of the challenges experienced in the implementation of the signed agreements with Angola coordinated through DIRCO. The visit has since been postponed due to elections in Angola. The Department had a further meeting with the Presidency to discuss the way forward and facilitate with DIRCO that the visit take place. The agreement will be reviewed during the next financial year and resuscitated with a view to implement the agreed programme of action.

In terms of bilateral engagements, the DHS participated in the Fourth Session of the Joint Commission for Cooperation (JCC) between South Africa and Zimbabwe held 28–30 October. The DHS participated during the social cluster subcommittee. The Department met with its counterpart, the Ministry of National Housing and Social Amenities from Zimbabwe, for bilateral talks to consider the minutes of the previous JCC held in Victoria Falls, Zimbabwe, and to discuss the proposed MoU by Zimbabwe. Both parties further briefed each other on the policy approaches and programmes implemented in both countries. The Department agreed to review the proposed cooperation areas with a view to strengthening them beyond housing policy and programmes, with a renewed focus on a holistic human settlements approach and multilateral cooperation. This process will be pursued further in the next financial year with a view to respond to the proposed MoU from Zimbabwe.

The Department has been requested by DIRCO to renew the Cooperation Agreement signed in 2006 due to increasing interest by South African business to get involved in the reconstruction projects in the Democratic Republic of Congo and with a view to strengthening bilateral relations within the area of human settlements. The Department further participated during the Eighth South Africa-DRC Bi-National Commission held in Pretoria 18–20 October 2012. During the meeting, both parties agreed to relook at the agreement and further host bilateral meetings with a view to understanding each other's new policy parameters and facilitating the renewal of the bilateral agreement. This process will be pursued in full during the next financial year, including writing to the DRC counterparts confirming our intentions to review the bilateral agreement.

Finally during this period under review, the DHS participated in interdepartmental meetings organised by DIRCO in preparation for the inaugural session of the JCC between the Republic of South Africa and the Republic of Uganda, held 8–9 November 2012. The Department has also received a proposed MoU from Uganda. The proposed agreement was further discussed during the occasion of the JCC and follow-up actions will be undertaken in the next quarter, including a formal response from the Department on the proposed MoU and an invitation to the Ugandan delegation to undertake a visit to South Africa with a view to appreciating the issues from which both parties will consider formalising the cooperation.

On the IBSA programme, the working group on human settlements adopted a schedule of the debate sessions and each country prepared and submitted a proposal of debate sessions. The Directorate also prepared the ToRs of an anchor institution that will, amongst others functions, facilitate future debate sessions, maintain the website of the working group and link up with anchor institutions from the two other countries. The unit coordinated inputs and participation at the debate sessions within the ambits of IBSA, on e-learning and involuntary resettlements themes. As a result, the three countries were accorded an opportunity to identify best practices, challenges and best possible solutions on the subject matter.

The Chief Directorate of Stakeholder and Intergovernmental Relations facilitated the participation of the Department in the fourth session of the BRICS Summit held in India 28–29 March 2012. The delegation from the Department was led by Deputy Minister of Human Settlements Z Kota-Fredericks. The Summit was a closed session which was partitioned into two clusters: global governance and sustainable development and green economy. The Department's support and contribution was on the sustainable development and green economy cluster, particularly on the issue of challenges of rapid urbanisation which exacerbates competition for diminishing land resources, rapidly increased slums growth and other most pressing challenges of cities. In addition, the Department participated in the urbanisation forum of BRICS which serves as a platform to articulate South Africa's position on urbanisation challenges and possible solutions.

Deputy Minister of Human Settlements Z Kota-Fredericks undertook a study visit to New Delhi and Mumbai in India 23–27 January 2012. The study tour to India was part of the proposed study programme for the Department as India shares similar experiences and approaches with South Africa on issues such as slum upgrading, land tenure security, housing solutions and eradication of poverty. The visit was also part of the invitation by the Slum Dwellers International (SDI) affiliates in India (SPARK, Manila Milan and the Indian National Slum Dwellers Federation) to participate in an exposure visit to India to deepen our understanding of India's slum upgrading and build on the study tour that was undertaken in 2007.

South Africa was invited to participate at the African Ministerial Conference on Housing and Urban Development (AMCHUD) IV held 19–24 March 2012 in Nairobi, Kenya, on the theme of 'Territorial planning and access to basic services for all: implications of climate change for territorial planning and access to basic services'. The conference was in two segments: the expert and technical group meeting and the ministerial meeting. A South African delegation led by Deputy Minister Z Kota-Fredericks made a remark/intervention on the theme of the conference, highlighting that 'climate change and our developmental agenda can never be seen as exclusive. Moreover, South Africa would be hard pressed to pursue an avenue of unchecked increased investment in energy efficiency to the detriment of striving to achieve the targets set for South Africa's Millennium Development Goals'.

During the period 16–19 November 2012, the Department participated at the AMCHUD Bureau which resolved that, in order to ensure the establishment of the AMCHUD as the specialised Technical Committee of the African Union (AU) as envisaged in the Durban Declaration, a mission to the AU Commission headquarters should be undertaken. As a result, South Africa together with UN HABITAT was invited to accompany the AMCHUD Secretariat to this mission to Addis Ababa; South Africa could not attend due to unforeseen circumstances. However, South Africa still continues to play an active role as a permanent member of the AMCHUD Bureau and assists Kenya as the new host of the AMCHUD.

During the period 27 February to 1 March 2013, the Chief Directorate of Stakeholder and Intergovernmental Relations, on behalf of the DHS, hosted the new members of the Secretariat of AMCHUD to a strategic session intended to impart knowledge on how to further strengthen the AMCHUD Secretariat and prepare for the special AMCHUD meeting in April 2013. Amongst the issues discussed was the institutionalisation of AMCHUD as a specialised Technical Committee of the AU, preparations for the Bureau and special ministerial conference, interim staff structure and guidelines for the Secretariat. During this meeting, historic documentation of AMCHUD was handed over to the new Secretariat of AMCHUD.

South Africa participated at the Sixth Session of the World Urban Forum was hosted by the Government of Italy, in Naples in the first week of September 2012, under the theme 'The Urban Future'. South Africa prepared its position based on the forums' following four broad thematic dialogue sessions:

- Urban planning: institutions and regulations
- Equity and prosperity: distributions of wealth and opportunities
- Productive cities: competitive and innovative cities
- Urban mobility, energy and environmental sustenance

Prior to participation at WUF6, the international relations unit coordinated a preparatory process aimed at consulting with relevant role-players within Government and the private sector, including civil organisations, to establish an informed and consolidated South African position at WUF6.

PHP oversight and intervention support in the sector

The PHP intended to produce 10 000 units in the 2012/13 financial year, but only managed to produce 6 801 units. The reasons for underperformance are that most of the projects were not finalised in the financial year as planned. The Chief Directorate of Stakeholder and Intergovernmental Relations plans to establish provincial PHP forums to rigorously manage the implementation of PHP projects.

The following projects were visited for the purposes of oversight and intervention in the sector:

- Lethabong and Ditsobotla project in North West.
- The Namibia Stop 8 project in KwaZulu-Natal.
- Drommedaris Project in Paarl, Western Cape.
- Three Districts municipalities in Mpumalanga.

A total of 6 801 units were produced in 2012/13 financial year: 1 628 in KwaZulu-Natal, 673 in Gauteng, 450 in North West, 2 750 in Mpumalanga and 1 300 in the Western Cape.

The Chief Directorate had a meeting with Habitat for Humanity to engage them on their community-driven initiatives nationally. The organisation has undergone a strategic review to refocus their activities on community empowerment programmes and social facilitation.

The Chief Directorate was invited to attend the SDI 5 Cities Seminar which was held in Cape Town and Stellenbosch 5–7 February 2013. The Directorate engaged the SANCO Development Institute to allow them to participate in PHP as a community resource organisation. The organisation is utilising community-driven initiatives in the implementation of their

other projects and it is hoped that they will utilise the same community empowerment programmes in the implementation of PHP projects.

The Chief Directorate also participated in a meeting with the Directorate of Women and Youth Mobilisation in order to establish a partnership with NARYSEC, a youth capacitation and development programme from the DRD&LR. The partnership seeks to allow the youth trained by NARYSEC to receive in-service training upon implementation of PHP projects. A concept document was developed to this effect.

The Chief Directorate has also produced the draft implementation guidelines on the enhanced PHP policy framework, which is currently prepared to be table at the technical MINMEC meeting.

Strategic objective: To manage human settlement planning					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations
Develop human settlements planning frameworks and guidelines	Human settlement frameworks revised include: <ul style="list-style-type: none"> • Nine APP-Part D • Nine Conditional Grant business plan • Eight BEPP • HSPs for municipalities in nine provinces 	Revision of the following provincial and municipal planning frameworks: <ul style="list-style-type: none"> • APP-Part D • Conditional Grant business plan • BEPP • HSP 	Human Settlement frameworks revised include <ul style="list-style-type: none"> • One national Conditional Grant business plan • Nine provincial Conditional Grant business plans • Eight urban settlement development business plans, as annexure to the BEPPs 	No revisions were required for the: <ul style="list-style-type: none"> • Nine APP-Part D • HSPs for municipalities in nine provinces Two frameworks were not revised	There was no need to revise the two frameworks
Number of provinces capacitated in the development of human settlements planning frameworks	<ul style="list-style-type: none"> • Eight APP- Part D • Nine provincial business plans 	Nine provinces capacitated in the development of human settlements planning frameworks: <ul style="list-style-type: none"> • APP-Part D • Conditional Grant business plans 	<ul style="list-style-type: none"> • Nine approved provincial business plans • Nine provincial APP-Part D 	N/A	N/A
Number of municipalities capacitated in the development of human settlements planning frameworks (BEPPs, HSPs)	N/A	Municipalities capacitated in the development of the human settlement planning frameworks	Three capacitated in the development of the human settlement planning frameworks		The metros were assisted with various issues pertaining to the BEPPs, HSPs and the USDG business plan
	Eight BEPPs	Eight BEPPs, first and final drafts	Eight BEPPs, first and final drafts	N/A	N/A
	HSPs for municipalities in nine provinces	16 HSPs	Three HSPs	Deviated with 13 from the target of 16 HSPs	Turnaround strategy shift in functions of officials within the CD of Human Settlements Planning resulted in capacity constraints

Strategic objective: To manage the development of human settlement strategy, including research						
Performance indicator	Baseline	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations	
Development of a human settlements macro strategy	No baseline	A framework and programme plan for the development of a Human Settlements Green Paper developed	A framework and programme plan for the development of a Human Settlements Green Paper developed	N/A	N/A	
Conduct four human settlements evaluations	No baseline	Four frameworks on the evaluation of human settlements programmes completed	Four frameworks on the evaluation of human settlements programmes completed	N/A	N/A	
Consultation and dissemination of knowledge on human settlements strategies and plans	No baseline	Two national strategy and research task team forums held	Two national strategy and research task team forums held	N/A	N/A	
Monitoring reports on the implementation of sector stakeholder collaboration frameworks	Various public-private partnership frameworks for implementation; framework for the implementation of emerging contractors	Four monitoring reports on implementation of sector stakeholder collaboration frameworks	Four monitoring reports on implementation of sector stakeholder collaboration frameworks	N/A	N/A	
Number of monitoring reports on the Implementation of program of action (PoA) of the social contract for sustainable human settlements	Outcomes of the Housing Indaba: Vision 2030	Four monitoring reports on the implementation of the PoA of the social contract for sustainable human settlements	Developed the concept, operational and roll-out plans of the establishment for the National Human Settlements and Urban Forum The target is partially achieved	Forums could not meet due to the change of mandate.	The concept and roll-out plan was developed in the fourth quarter of the 2012/13 financial year. These documents are still waiting endorsement by the EMT. The New Human Settlements Engagement Forum was introduced.	
Number of existing bilateral partnerships/relations maintained	Programme of international relations, composed of four existing bilateral relations, developed and implemented	Four reports on the maintenance of bilateral relations	Four reports on the maintenance of bilateral relations	N/A	N/A	

Strategic objective: To manage stakeholder relationships and IGR services						
Performance indicator	Baseline	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations	
Number of existing multilateral relations maintained	Programme of four existing multilateral relations developed and implemented	Four reports on the maintenance of multilateral relations	Four reports on the maintenance of multilateral relations	N/A	N/A	
Reports on the provincial performance reviews coordinated and facilitated	2010/11 reports on provincial performance reviews	Four reports on the provincial performance reviews coordinated and facilitated	Four reports on the provincial performance reviews coordinated and facilitated	N/A	N/A	
Number of reports on the Department's engagements coordinated with multiple sector departments	ToRs for the sustainable human settlements and basic services task team	Four reports on the Department's engagements coordinated with multiple sector departments	Four reports on the Department's engagements coordinated with multiple sector departments	N/A	N/A	
Support the delivery of 35 000 PHP housing units across the provincial DHSS pending provincial DHS allocation to implement PHP	PHP implemented	Support delivery of PHP housing units across the provincial DHSS	Achieved. 6 801 delivered in six provinces	8 500 units in 2011/12 6 801 units in 2012/13 Variance is 1 699 units Deviation = 35000 - 6801	Most projects were not completed within the financial year as planned Fewer units achieved in 2011/12 compared to 2012/13 due to projects not being completed within the financial year as planned The programme has the potential to perform better if the implementation guidelines can be approved. The guidelines have been tabled at EMT are to be tabled at technical MINMEC. Evidence attached (File 3 and 4: Annexure L)	

Strategy to overcome areas of underperformance

There were no areas of underperformance.

Changes to planned targets

No changes were made.

Linking performance with budget

Human settlements strategy and planning

Sub-programme	2012/2013			2011/2012		
	Final appropriation	actual expenditure	(over)/ under expenditure	final appropriation	actual expenditure	(over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	-	-	-	-	-	-
Human Settlements Strategy	1,891	1,156	735	15,495	14,435	1,060
Human Settlements Planning	13,000	9,061	3,939	9,618	8,992	626
Stakeholder and Intergovernmental Relations	26,955	23,058	3,897	38,298	35,263	3,035
Total	41,846	33,275	8571	63,411	58,689	4,722

5.4. Programme 4: Project and Programme Management Unit

Purpose

To oversee the execution of Human Settlements programmes and projects.

Sub-programmes and strategic objectives

The Project and Programme Management Unit was established with effect from 1 April 2012, following the approval of the new structure of the Department. The PMU consists of four sub-programmes:

- Programme and Project Planning
- Programme Implementation Facilitation
- National Sanitation Programme
- Programme Monitoring and Evaluation

Strategic objectives, performance indicators, planned targets and actual achievements

The implementation of the new structure and the implementation of new functions and mandates by sub-programmes necessitated a period of transition and adaptation. In addition, the new structure necessitated the filling of vacancies of newly established posts. This resulted in the programme not operating at full capacity for a large part of the year. However, the programme achieved the larger part of its objectives and targets from the operational plan.

The programme is often reliant on inputs and cooperation from provincial Human Settlement Departments and municipalities. Often, the non-responsiveness of these institutions made it difficult for the programme to perform efficiently and effectively. Certain appointed service providers have also not performed as expected, which impacted on the performance of the programme and remedial steps had to be taken to rectify matters.

The NUSP has been established to promote informal settlement upgrading and to provide technical support to municipalities to achieve the objectives of Outcome 8 and the National Planning Commission. Considerable progress has been made in supporting 49 identified municipalities in developing informal settlement upgrading strategies and detailed project plans for the informal settlements in their areas of jurisdiction through the NUSP. Political and technical buy-in has been negotiated with all 49, while technical assistance has been provided to 26 municipalities. Technical assistance for an additional 17 municipalities has been negotiated and it is expected that the balance of the municipalities will receive such assistance in 2013/14. Provincial NUSP structures have been established in eight provinces; these are operational. A structure for the

development of a capacity building programme on informal settlement upgrading has been completed.

Continuous contact has been maintained with provinces and municipalities, as well as a number of individuals, regarding the implementation of housing programmes and products. The majority of queries were received from individuals complaining about housing products, blocked projects, slow-moving projects and informal settlement upgrading projects; solutions to project matters were facilitated.

Continued strategic and project management support was provided to provinces in the rolling out of identified priority projects. This support differed from project to project as each of these projects was at a different stage in the delivery cycle. Consolidated quarterly progress reports on the projects were prepared and submitted.

Various stages of progress can be reported on the projects that received ring-fenced funding. The Cornubia project in Ethekwini, one of the Cabinet-endorsed projects, has been progressing well. To date, 439 high density housing units are in the process of being constructed and it is anticipated that these units will be completed for occupation by June 2013. Progress on Lephalale has largely involved the provision of bulk infrastructure; the town planning and township registration processes for the housing component in Altoostyd are in progress. In the Lufhereng project in the City of Johannesburg, to date 1 832 housing units have been completed. In the first phase of the Khutsong Project, 3 239 houses are in the process of being constructed and 2 070 have been completed. In the Sweetwaters project in the City of Johannesburg, 307 beneficiaries have been relocated to the adjacent Tulamtwana project due to bulk infrastructure challenges that are being experienced in the Sweetwaters area.

In the Drommedaris project in the Drakenstein municipality, 1 142 housing units are under construction with 233 completed. In the Duncan Village project in the Buffalo City municipality, 5 354 housing units have been completed. In the Diepsloot project, the development agreement between the implementation agent and the Gauteng DHS is in the process of being finalised and the urban design framework, feasibility study and the NHBRC's Phase 1 Report are complete. In addition, the designs for the pedestrian bridge have been completed.

In the other projects that are funded via that HSDG, progress in the reporting period varied. Construction of houses in the Zanemvula project, situated in the Eastern Cape within the jurisdiction of the Nelson Mandela Bay metropolitan municipality, is ongoing and to date 5 197 new units have been completed. In addition, 2 013 units have been rectified. The Klarinet project, located in Mpumalanga within the jurisdiction of the Emalahleni local municipality, has to date delivered 1 052 housing units and a further 120 are in the process of being constructed.

On the N2 Gateway project, situated within the jurisdiction of the City of Cape Town, in the Delft 7-9 component, 3 911 housing units have been completed to date. In Delft 601, all 601 units have been completed and in Delft Symphony, 1 849 units have been completed, including three units for disabled beneficiaries. In Delft Symphony 4-6, 2 377 units have been completed. In the Joe Slovo Phase 1 component, 705 rental units were completed and in the Joe Slovo Phase 3 component 255 high-density units have been completed. In the New Rest component, 668 units have been completed while in Boystown, 447 units are now complete.

Work in the Lerato Park project, situated in the Sol Plaatjie local municipality, will entail the development of 4 564 residential units and, to date, 10 show houses have been constructed.

Difficulties experienced in the implementation processes at the different projects included:

- Delays in the procurement processes, e.g. at the Cornubia project and Lufhereng.
- Labour-related issues, e.g. at the Cornubia project.
- Inadequate bulk infrastructure in the project area, e.g. Sweetwaters project.
- Availability of land, e.g. at the Lufhereng, Duncan Village and Khutsong projects.
- Environmental concerns in the Diepsloot project.
- Inadequate cooperation from some of the relevant provincial departments and the affected municipalities in signing the Implementation Agreements for the Cornubia, DVRI, Sweetwaters and Diepsloots projects.
- Local and provincial level dynamics, e.g. at Lerato Park and DVRI.
- The inability of the relevant sector departments to align funding and project planning with those of the relevant projects for the delivery of social amenities.

In terms of the Housing Act (Act No. 107 of 1997), the Department has the responsibility to monitor and verify the implementation and performance of human settlements programmes and projects country-wide. During the 2012/13 financial year, on-site monitoring and verification of active human settlements projects was done on a quarterly basis in all provinces.

A verification exercise of all delivery in the 2012/13 financial year has commenced. The objective is to confirm the delivery performance as reported by provincial DHSs and financed from the HSDG.

The Department continued to report progress on the achievement of the objectives of Outcome 8 to Human Settlements MINMEC and Cabinet on a quarterly basis. Interaction with provincial departments, development finance entities, relevant stakeholders and the DPME took place on a continuous basis.

Back-up data from the Housing Subsidy System (HSS) was gathered from provincial departments on a monthly basis and restored to the national Department's data warehouse from where it was available to be extracted as required for reporting and responding to enquires and Parliamentary questions. Non-financial delivery performance statistics were gathered on a monthly basis from the relevant units within provincial DHSs. Monthly analysis was done on the extent to which provinces were making use of the HSS to record their non-financial delivery information.

Operational data on projects funded from the HSDG was analysed and a presentation on the overview of non-financial performance (delivery trends) was compiled. Informal settlements reports were analysed and progress with formalisation of data was summarised and made available.

The Information Handbook was updated to make information on key indicators relevant to human settlements readily available.

A project to map informal settlements in the 49 prioritised municipalities in partnership with the South African National Space Agency has progressed and the mapping of informal settlements in Western Cape, North West and Gauteng was completed.

The Human Settlements Master Dataset was analysed with the Geographical Information System to identify location data quality issues, and data enhancements were performed. This spatial data analysis process enables the national Department to report on human settlements development at various geographic levels, including district and local municipality. The operational data was filtered and packaged for monitoring and reporting on human settlement development in the 23 Cabinet priority rural districts and tracking projects in the NUSP municipalities and mining towns.

The revision of the Monitoring, Evaluation and Impact Assessment policy and implementation framework to incorporate the USDG, Outcome 8, and the RHIP initiatives has been initiated

A baseline study on UISP was initiated in collaboration with the DPME. The baseline study forms part of the evaluations that are on the national evaluation plan submitted to Cabinet. The baseline study will collate existing maps, the estimated number of households, record household information, including demographics, health and safety, employment, consumption and productive activities, as well as the empowerment of local communities in the informal settlements targeted for upgrading. These exercises will collect baseline data that will be used to conduct future impact evaluations.

A draft national sanitation policy was developed which will be submitted for discussion, consideration and approval during 2013/14.

A total of 243 municipalities in all nine provinces were supported with assessments of water services development plans in their respective IDPs. The process has assisted in ensuring that sanitation projects are prioritised and adequately budgeted for. The Department supported 45 water service authorities in seven provinces on water and sanitation hygiene initiatives. RHIP served 27 144 households with sanitation facilities, thus reducing the rural sanitation backlog in seven benefiting provinces.

The Department participated in the 12th Annual World Toilet Summit, an initiative of the World Toilet Organisation to achieve the Millennium Development Goals, held in Durban 3–6 December 2012. It followed in the wake of World Toilet Day, established on 19 November 2001 to raise awareness about the number of people living without access to proper sanitation – a figure which stands at 2.6 billion worldwide.

Health and hygiene (H&H) awareness campaigns were conducted in the Cape Winelands district, three areas in the City of Cape Town and seven areas in Stellenbosch. These campaigns were particularly targeted at women and children and also areas where hygiene education was identified as a priority by provincial sanitation task teams.

A national bucket eradication strategy has been developed. Eighteen municipalities have been assisted to compile local bucket eradication strategies to eliminate approximately 88 012 bucket toilets. The national Department is further monitoring the implementation of bucket replacement projects in 52 municipalities, to which R116.7 mil has been committed in the 2012/13 financial year.

The Department supported the ministerial national sanitation task team, appointed by Human Settlements Minister Tokyo Sexwale in September 2012 to look at the challenge of unclosed toilets in the country. The report was completed in March 2013 and one of the findings was non-compliance to the norms and standards in the implementation of the sanitation programme. The task team recommended that sanitation become a national priority of government, which has been achieved following a decision by Cabinet to elevate it to one of the strategic infrastructure projects.

The South African Human Rights Commission investigated the right to access to water and sanitation and submitted its report to the Minister of Human Settlements during March 2013. The Commission stated its satisfaction that the dignity of people of Rammulotsi, Viljoenskroon, in the Free State is restored. The assertion follows inspection that was conducted on 9 April 2013 in Rammulotsi together with the Moqhaka local municipality and the DHS to assess progress made in the enclosure of open toilets. The Commission commended the municipality and the Department on making sure that the residence of Rammulotsi can use sanitation in a dignified manner. The Commission further confirmed that the initial 1 831 toilets that formed part of its investigation were enclosed. The DHS also assisted with the enclosure of an additional 253 toilets, some of which were demolished by residents.

Strategic objective: To facilitate the planning and implementation of sustainable human settlements in identified projects						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations	
Consolidated quarterly progress report on identified projects facilitated	Four consolidated quarterly project progress reports	Four consolidated quarterly project progress reports on identified projects facilitated	Four consolidated quarterly project progress reports on identified projects facilitated produced	N/A	N/A	
Minutes of technical task team meetings	N/A	Provision of planning and implementation support to provinces at 32 technical task team meetings in identified projects	Provision of planning and implementation support to provinces at 30 technical task team meetings in identified projects	Did not provide planning and implementation support to provinces at two technical task team meetings in identified projects	There was lack of clarity regarding the new mandate and functions of the Chief Directorate. As a result, engagements with provinces started very late	
Number of reports on projects and programmes provided with delivery support	No baseline	Four reports on projects and programmes provided with delivery support	Four reports on projects and programmes provided with delivery support produced	N/A	N/A	

Strategic objective: To manage the implementation and facilitation of human settlements projects						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations	
Number of reports produced in respect of slow-moving projects and projects matters to receive delivery support	No baseline	Four reports produced in respect of slow-moving projects and project matters to receive delivery support	Four reports produced in respect of slow-moving projects and project matters to receive delivery support	N/A	N/A	
Develop support programme tools to enhance delivery of affordable stock, programme implementation and provide overall advisory and technical support on management of rental housing stock	No baseline	Reviewed CRU policy finalised and submitted for approval	Not achieved	CRU policy not reviewed, finalised or submitted for approval	It has been agreed that the CRU policy will be reviewed by the policy unit of the Department. This target will be removed from the unit's APP and will be completed in the next financial year	
	No baseline	National private sector strategy finalised and submitted for approval	Not achieved	Strategy to guide the implementation of private rental housing not developed or approved	This target has been deemed to be more appropriately located in the policy unit of the Department	
	No baseline	National human settlements cooperatives policy developed, finalised and submitted for approval	Partially achieved Appointed a service provider for the development of the cooperatives policy	National human settlements cooperatives policy not developed, finalised and submitted for approval	The service level agreement has not yet been signed by the DG	
	No baseline	Criteria for the demarcation and assessment of restructuring zones developed	Not achieved	Criteria for the demarcation and assessment of restructuring zones not developed	Agreement has been reached with the policy unit in the Department that they will initiate this work	
Performance reports on the development of 80 000 public and private rental housing units in provinces in line with output 1.2 of Outcome 8		Support delivery of approximately 6 000 public rental and 19 693 private rental housing units in the provinces	Support delivery of approximately 6 000 public rental and 19 693 private rental housing units in the provinces in line with output 1.2 of Outcome 8 313 299 public rental and 10 565 private rental units delivered in line with output 1.2 of Outcome 8	N/A	N/A	

Strategic objective: To manage the implementation and facilitation of human settlements projects					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations
Manage the implementation of NUSP in 49 municipalities	None	Report on progress on implementation of NUSP in 25 municipalities	<p>Produced one report on the implementation of NUSP in 45 municipalities</p> <p>One progress report on the development of informal settlement upgrading plans in 45 metro areas, cities and large towns</p> <p>Four reports on informal settlement projects upgrading projects supported in provinces and municipalities</p>	One report on the implementation of NUSP in 20 additional municipalities, due to extension of the NUSP	The NUSP was extended to 45 municipalities
Manage and monitor the upgrading on informal settlements in the provinces and municipalities	TBD	Progress reports to MINMEC on the informal settlement upgrading targets as contained in Outcome 8	Progress reports to MINMEC on the informal settlement upgrading targets as contained in Outcome 8 submitted	N/A	N/A

Strategic objective: To manage the implementation of the sanitation programme						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations	
Draft sanitation policy	N/A	Draft sanitation policy approved and rolled out	Revised the White Paper on Household Sanitation Presented the draft sanitation policy to the Portfolio Committee Prepared a final draft sanitation policy	Draft sanitation policy not approved and rolled out	The policy development process has been put on hold in order to clarify the role of the DHS in water services	
Number of engagement on progress on the roll-out of free basic sanitation strategy	N/A	12 engagement reports	16 engagement reports on seven provinces, covering 34 municipalities One international benchmark report covering four countries	Four engagement reports achieved in addition to the target	The wording of this target was changed to read "nine provincial reports on the roll-out of free basic sanitation project plan", as the initial target did not comply with SMART principles There were no engagement reports for KZN and Gauteng The work of the national sanitation task team warranted engagement with more municipalities than envisaged	
Number of rural households served under RHIP	5 580 households served	58 000 households served	27 144 households served by 22 March 2013 Four progress reports on the implementation of RHIP produced	30 560 households fewer than the annual target served	An application for rollover of funds from the previous financial year was submitted to National Treasury in April 2012 and was declined. Additional service providers were appointed too late	
Number of assessment reports on sanitation projects supported regarding engineering evaluation of MIG technical reports	N/A	12 assessment reports on sanitation projects supported regarding engineering evaluation of MIG technical reports	12 assessment reports on sanitation projects supported regarding engineering evaluation of MIG technical reports produced	N/A	N/A	

Strategic objective: To manage the implementation of the sanitation programme					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations
Number of reports on municipalities supported with the assessment of WSDP/IDP	16 reports on municipalities supported with the assessment of WSDP/IDP	12 reports on municipalities supported with WSDP/IDP assessment	One report on municipalities supported with WSDP/IDP assessment	11 reports on municipalities supported with WSDP/IDP assessment not completed	This target needs to be reworded to "Number of municipalities supported with the assessment of WSDP/IDP" as this is a one-off, annual exercise in for all provinces
Number of monitoring reports on the eradication of formal bucket sanitation system	N/A	12 monitoring reports on the eradication of formal bucket sanitation system	One progress report on the provision of support for the implementation of the post-1994 bucket replacement programme One close-out report on the provision of support for the implementation of the post-1994 bucket replacement programme Local eradication strategies for 18 municipalities in the Free State	12 monitoring reports on the eradication of formal bucket sanitation system not produced	Local eradication strategies for 18 municipalities in the Free State have only been compiled in December 2012. Municipalities will have to commit funding in the next financial year
Number of reports on sanitation sector capacity building programmes	N/A	Four reports on sanitation sector capacity building programmes	Four reports on sanitation sector capacity building programmes produced	N/A	N/A
Number of water services authorities supported on WASH programme	20 WSAs supported with WASH implementation, special H&H days observed (Global Hand Wash, World Toilet, Limpopo Easter Awareness)	27 WSAs supported on WASH	Supported 45 on WASH	18 additional WSAs supported on WASH	The unit received more requests for support on the WASH programme than anticipated
Number of households reached with H&H user education	5 580 households targeted for user education	58 000 households reached with H&H user education	31 092 households reached with H&H user education	12 605 not reached with H&H user education	Appointed new implementing agent This target varies in accordance with the available funding in a particular financial year
Number of WSAs supported to create jobs through sanitation programmes	N/A	20 WSAs supported to create jobs	20 WSAs supported to create jobs	N/A	N/A

Strategic objective: To manage the monitoring and evaluation of human settlements projects						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations	
Monitoring and evaluation framework for human settlements projects	No baseline	Develop monitoring and evaluation framework for human settlements	Completed inception report	Monitoring and evaluation framework for human settlements not developed	Report not yet finalised for submission for approval Service provider only appointed in December 2012 The target to be deferred to the first quarter of the 2013/14 financial year	
Monitoring and evaluation impact assessments	No baseline	Four monitoring and evaluation impact assessments	<ul style="list-style-type: none"> UISP monitoring and evaluation impact assessment in four provinces Human settlement index progress report Verification of delivery First, second and third quarter project level monitoring report Four Outcome 8 progress reports 	N/A	N/A	
Number of reports on the implementation of data management, verification and analysis processes	(Four reports made available in previous configuration)	Four reports on the implementation of data management, verification and analysis processes	Four reports on the implementation of data management, verification and analysis processes produced	N/A	N/A	

Selected performance indicators as per 2012/2013 strategic plan

Indicator	Programme	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2012/2013	Comment on deviations
Number of houses completed per year	Programme and projects management units	88 989	120 000	Partially achieved 113 776 houses completed	6 224 houses not completed	Final figures from provinces have not been confirmed. These figures will be confirmed during the fourth quarter provincial reviews, to be held in May 2013.
Number of sites serviced per year	Programme and projects management units	49 028	70 000	Partially achieved 41 112 sites serviced	28 888 sites not serviced	Final figures from provinces have not been confirmed. These figures will be confirmed during the fourth quarter provincial reviews, to be held in May 2013.
Number of households upgraded in well-located informal settlements with access to secure tenure and basic services	Programme and projects management units	100 000	140 000	Achieved 141 973 units (up to 31 December 2012)		
Number of affordable, social and rental accommodation units provided	Programme and projects management units	15 816	25 693	Achieved 31 299 units (up to 31 December 2012)		
Number of municipalities provided with technical assistance for informal settlement upgrading	Programme and projects management units	20	9	Achieved 45 municipalities provided with technical assistance for informal settlement upgrading		
Number of hectares of land released for human settlements development	Programme and projects management units	2 084	2 084	Achieved 7 477.5 ha of land released (up to 31 December 2012)		

Strategy to overcome areas of underperformance

A major area of underperformance for the branch was in the implementation of RHIP. Certain service providers appointed to implement the programme did not perform sufficiently. The strategy to overcome this underperformance is to reduce the funding and number of units originally allocated to these service providers and to reallocate such units and funds to six new service providers in an effort to conclude the contracts within the particular financial year.

As part of the Department's monitoring and evaluation process, it became clear that provinces would not achieve the targets set, particularly the Outcome 8 targets in relation to the provision of basic services and secure tenure for households residing in informal settlements. Upon investigation, it became clear that provinces did not adhere to previously agreed upon indicators by which the targets were to be achieved. In order to rectify this under-reporting, a new schedule and new guidelines were developed. It was also agreed that, in terms of these newly developed guidelines, provinces will have to re-evaluate their historical figures and all Outcome 8 reports will be enhanced with the correct information.

In view of the capacity constraints experienced by the programme, all vacant posts were advertised and the process of filling vacancies had progressed well by the end of the financial year.

Changes to planned targets

Where targets were changed, it was with the sole purpose of adhering to SMART criteria, with no material changes to the essence of the target and no financial implications.

Linking performance with budget

Programme and Project Management Unit

Sub-programme	2012/2013			2011/2012		
	Final appropriation	actual expenditure	(over)/ under expenditure	final appropriation	actual expenditure	(over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	2,887	778	2,109	1,738	1,387	351
Programme and Project Planning	8,730	3,760	4,970	5,191	4,048	1,143
Programme Implementation Facilitation	66,165	8,803	57,361	8,243	6,252	1,991
Programme Monitoring and Evaluation	23,829	12,356	11,473	18,173	16,247	1,926
National Sanitation Programme	66,098	60,822	5,276	103,288	98,648	4,640
Total	167,709	86,520	81,190	136,632	126,581	10,051

5.5. Programme 5: Chief Financial Officer

Strategic objective

The following are the sub-programmes and strategic objectives of the Office of the Chief Operations Officer:

- The sub-programme Financial Management manages and provides financial support, overall budgetary and grants management services
- The sub-programme Chief Investments Officer manages and mobilises sectoral resources.

Strategic objectives, performance indicator, planned targets and actual achievements

The budget processes have been finalised, ensuring that the budget for 2013/14 financial year was approved. The adjustment estimate process was completed successfully in 2012/13. The quarterly interim financial statements as well as the annual financial statements were submitted to management.

All reports were generated and submitted as planned. In addition to reports required by prescripts, monthly financial statements were produced during the last quarter for January and February. As part of our strategy to address challenges experienced within the branch, a workstudy was commissioned on the activities performed by the branch. The report was finalised in February and its recommendations will be implemented in the new financial year. Full implementation of the recommendations will move us closer to the National Treasury's recommended organogram and will enhance our effectiveness.

The HSDG transferred to provinces amounted to R15.4 billion, of which R15.3 billion has been spent, representing a spending rate of 99%.

Strategic objective: To manage and provide financial support, overall budgetary and grants management services					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievements for 2012/2013	Comment on deviation
Approved annual financial statements	Annual financial statements published	Submission of approved interim and annual financial statements	Annual financial statements and interim financial statements submitted	N/A	N/A
Departmental reports on supply chain management	Reports on supply chain management	Submission of monthly and/or quarterly departmental reports on logistics, procurement and transport services	Monthly and/or quarterly departmental reports on logistics, procurement and transport services submitted on time	N/A	N/A
Monthly and quarterly reports on system support	Reports submitted and approved	Submission of monthly and/or quarterly management reports on debtor system support	Four quarterly reports submitted	N/A	N/A
Approved MTEF budget	Budget approved	Approved 2012 medium-term expenditure framework budget	The estimates of national expenditure were approved and published	N/A	N/A
Percentage of funds transferred	100% of funds transferred	100% of funds transferred	98% of funds transferred	2% of funds not transferred	Out of R15.725 billion, R15.395 billion was transferred R284.8 mil in the Eastern Cape and R46.1 mil in Limpopo for March 2013 were stopped, totalling R330.9 mil

Strategic objective: To manage and mobilise sectoral resources							
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013	Comment on variance	
Provide secretariat function for Office of Disclosure in terms of the Act	Two reports were produced	Four reports on secretariat functions for Office of Disclosure in terms of the Act	Four reports on secretariat functions for Office of Disclosure in terms of the Act produced	N/A	2 reports	N/A	
	Four reports were produced on lending practices	Three reports on analysis of information submitted by financial institutions to detect lending patterns and practices on home loans	Three reports on analysis of information submitted by financial institutions to detect lending patterns and practices on home loans produced	N/A	1 report	N/A	
		Annual report on the performance and ratings of financial institutions	Annual report on the performance and ratings of financial institutions prepared and submitted to the Minister in terms of the Act	N/A	N/A	N/A	
		96 500 MDI housing finance loans approved	Not achieved	96 500	96 500	Implementation has not commenced due to outstanding capitalisation approval from the National Treasury, which affected the finalisation of the Financial Services Board insurance licences application	
		Approved revised FLISP policy	Approved revised FLISP policy achieved	N/A	N/A	N/A	

Strategic objective: To manage and mobilise sectoral resources						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013	Comment on variance
		Approved policy on long-term fixed interest rate	Not achieved		Process kickstarted in first and second quarters with stakeholder consultations and a draft instrument on long-term interest rate produced There was no further progress information supplied from NHFC	Information received was only up to the third quarter, as the final report is only expected at the end of April 2013
		320 mortgage loans	160 mortgages	The quarterly target of 80 mortgages was only achieved in the first and second quarters. Zero mortgages were reported in the third quarter	160 mortgages	Information received was only up to the third quarter, as the final report is only expected at the end of April 2013
		10 718 incremental loans	2 679 incremental loans	The quarterly target of 2 679 was only achieved in the first quarter. No loans were approved in the second and third quarters	8 039 incremental loans outstanding	Information received was only up to the third quarter, as the final report is only expected at the end of April 2013
		11 098 units (wholesale funding, NHFC)	8 733 units		2 365 wholesale funding units outstanding	Information received was only up to the third quarter, as the final report is only expected at the end of April 2013
		3 209 housing units leveraged by NHFC and other funders	802 units	A target of 802 units was achieved in the first quarter. No units were delivered in the second and third quarters	2 407 units	Information received was only up to the third quarter, as the final report is only expected at the end of April 2013

Strategic objective: To manage and mobilise sectoral resources							
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013	Comment on variance	
		44 625 incremental loans	33 081	All quarterly targets achieved. The third quarter target reflected an over-achievement of 3 645 loans	5 121 incremental loans outstanding	Information received was only up to the third quarter, as the final report is only expected at the end of April 2013	
		22 loans granted for the construction of 3 080 affordable housing units	Seven loans granted for the construction of 982 housing units Sites: Two loans signed to deliver 465 sites	Third quarter reflects the loans in sites	15 loans for the construction of 2 098 affordable housing units outstanding	Information received was only up to the third quarter, as the final report is only expected at the end of April 2013	
		Four reports on engagements with financial institutions and/ or other stakeholders on investments in human settlements	Four reports on engagements with financial institutions and other stakeholders on investment submitted	N/A	N/A	N/A	
Promote investments in sustainable human settlements		Develop business plan for official development assistance (ODA) strategy	Draft business plan for ODA was submitted	Business plan is not yet approved	Business plan is not yet approved	Unit advised to halt development on this target due to lack of funding from European community	
		One report submitted to management on the number of houses delivered through pension fund	One report submitted to management on the number of houses delivered through pension fund	N/A	N/A	N/A	
		Two reports on Employer Assisted Housing (EAH) submitted to management	Two reports on EAH submitted to management	N/A	N/A	N/A	

Selected performance indicators as per 2012/2013 Strategic Plan

Indicator	Programme	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Comment on variances	Evidence
Number of finance opportunities facilitated for households in the affordable sector	Office of the Chief Financial Officer		69 970	The target was not reported on			

Strategy to overcome areas of underperformance

To address the underperformance of provinces, the Funds Management unit is planning to do more provincial visits to improve spending performance. Process reviews were conducted resulting in some changes and shifts in the processing of transactions, thus enhancing internal controls.

Changes to planned targets: None.

Linking performance with budget

Housing Development Finance

Sub-programme Final appropriation R'000	2012/2013			2011/2012		
	actual expenditure	(over)/under expenditure	final appropriation	actual expenditure	(over)/under expenditure	
	R'000	R'000	R'000	R'000	R'000	
Management	3,013	1,678	1,335	2,816	1,178	1,638
Financial Management	42,422	33,722	8,700	35,562	29,703	5,859
Chief Investment Officer	23,043	17,795	5,248	26,008	14,795	11,212
HSDG	15,725,959	15,395,032	330,927	15,121,516	15,121,516	-
USDG	7,392,206	7,392,206	-	6,266,998	6,266,998	-
Contributions	912,808	912,808	-	487,091	484,074	3,017
Rural Household Infrastructure Grant	340,625	205,566	135,540	257,508	187,353	70,155
Total	24,440,076	23,958,807	481,269	22,197,499	22,105,618	91,881

5.6 Programme 6: Office of the Chief Operations Officer

Purpose

To oversee the provision of human settlements operational services.

Sub-programmes and strategic objectives:

The following are the sub-programmes and strategic objectives of the Office of the Chief Operations Officer:

- The sub-programme Enterprise Architecture oversees the enhancement of human settlements operations through effective enterprise architecture services.
- The sub-programme Technical Capacity Building manages the development of the technical capacity of the human settlements sector
- The sub-programme Regulatory Compliance manages regulatory compliance services.

Strategic objectives, performance indicators, planned targets and actual achievements

The Office of the Chief Operations Officer, through the sub-programmes Enterprise Architecture, Technical Capacity Development and Regulatory Compliance Services, is mandated to oversee the enhancement of human settlements operations through effective enterprise architecture services, manage the development of the technical capacity of the human settlements sector and manage regulatory compliance service. During the 2012/13 financial year, the Office of the Chief Operations Officer was able to present the departmental quarterly performance reports to inform the Accounting Officer on the overall performance of the Department and the challenges experienced during the implementation of the departmental strategic and annual performance plan 2012/13–2013/15. Furthermore, all departmental quarterly performance reports were submitted to the National Treasury as per Treasury requirements.

The departmental strategic and performance plans for the financial year 2012/13–2013/15 and the departmental annual report 2011/12 were therefore tabled in Parliament as per Parliamentary schedule. The enterprise architectural and operations systems were not approved during the period under review.

The Office of the Chief Operations Officer implemented human settlements training and skills development programmes at all three spheres of government for officials, councillors and community-based organisations and institutions. The capacity development strategies were developed and provided support to provincial departments in the development and implementation of provincial capacity development programmes and business plans. The sector professional development support programmes, which aimed at ensuring the implementation of professional projects for the sector, were developed and implemented.

It is pertinent to note that the national technical capacity development strategy and the provincial capacity development business plans and programmes were geared to ensure achievement of the Outcome 8 targets and Human Settlement Vision 2030. The development of a sector knowledge management strategy was not achieved during the period under review.

The approved strategic plans and budgets of seven human settlements entities were aligned to Outcome 8 outputs. Furthermore, performance monitoring and oversight visits of human settlements entities were conducted and reports on financial and non-financial assessments were produced. The assessment of the quarterly and annual performance of the human settlements entities were in compliance with the requirements of the Public Finance Management Act (PFMA) and Treasury regulations. There were five performance monitoring reports that were consolidated and submitted for approval. However, the fourth quarter reports of the performance monitoring and oversight visits were not completed during the period under review. The two reports will be finalised and submitted for approval by 30 April 2013. The human settlements entity CSOS was established. Service level agreements between the executive authority of the Department and the human settlements entities' boards were developed and submitted for approval.

The key performance indicator (KPI) 'Performance and compliance monitoring reports on oversight' is duplicated. This KPI was replaced by 'Seven performance monitoring and oversight visit reports produced'. Therefore, the later KPI was achieved and the initial KPI was not performed.

Strategic objective: To oversee the enhancement of human settlements operations through effective enterprise architecture services						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievements for 2012/2013	Comment on deviations	
Approved enterprise architectural and operations systems	N/A	Approved enterprise architectural and operations systems	The enterprise architectural and operations system was not approved	the enterprise architectural and operations system was not approved as the DG-signed ToRs were rejected by the Bid Specification Committee	Not applicable as this was the new target	
Number of departmental strategic and compliance reports	Four departmental strategy management compliance reports	Four departmental strategy management compliance reports	Four departmental strategy management compliance reports completed	N/A	N/A	
One validation and verification report on individual SMS performance agreements aligned to DHS strategic and performance plans	N/A	One validation and verification report on individual SMS performance agreements aligned to DHS strategic and performance plans	One validation and verification report on individual SMS performance agreements aligned to DHS strategic and performance plans	N/A	N/A	
One departmental strategic and performance plans analysis report	N/A	One departmental strategic and performance plans analysis report	One departmental strategic and performance plans analysis report	N/A	N/A	
Number of reports on departmental performance prepared and submitted to the Office of the Accounting Officer	N/A	Four reports on departmental performance prepared and submitted to the Office of the Accounting Officer	Four reports on departmental performance prepared and submitted to the Office of the Accounting Officer	N/A	N/A	
One departmental annual performance report	N/A	One departmental annual performance report, 2012/13	One departmental annual performance report, 2012/13 compiled	N/A	N/A	
Number of departmental performance reports submitted to National Treasury	N/A	Four departmental performance reports submitted to National Treasury	Four departmental performance reports submitted to National Treasury	N/A	N/A	

Strategic objective: To manage the development of the technical capacity of the human settlements sector						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievements for 2012/2013	Comment on variance	
Number of human settlements training and skills development programmes at all three spheres for officials, councillors and community based organisations/ institutions	Human settlements training and skills development programmes at all three spheres: 40 officials, 274 beneficiaries and 679 councillors trained	Four reports on human settlements training and skills development programmes at all three spheres for officials, councillors and community-based organisations/ institutions	Four reports on human settlements training and skills development submitted	N/A	N/A	
One strategy revised; one strategy developed; national capacity development strategy developed	National capacity development strategy (approved 2007)	Revised national capacity development strategies to deliver sustainable human settlements	National capacity development strategy to deliver sustainable human settlements was revised	N/A	N/A	
Sector knowledge management strategy developed	N/A	Sector knowledge management strategy developed	Draft sector knowledge management framework was developed ToR for the appointment of a service provider to develop the sector knowledge management strategy was approved	N/A	Supply chain management processes to appoint a service provider to develop the sector knowledge management strategy is underway	

Strategic objective: To manage the development of the technical capacity of the human settlements sector					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievements for 2012/2013	Comment on variance
Nine provincial departments supported in the development and implementation of provincial capacity development programmes business plans	Implementation of provincial capacity development business plans Implementation of the SACTSP by provinces	Nine provincial departments supported in the development and implementation of provincial capacity development programmes business plans	Nine provincial Departments of Human Settlements were supported in the development and implementation of provincial capacity development programmes and business plans through: (1) the facilitation of technical capacity development task team sessions (to monitor the implementation of technical capacity development business plans), (2) SACTSP task team sessions (to monitor the implementation of the SACTSP program) and (3) facilitating the approval of a MoU between DHS and EWSETA by the DG to secure funding for implementation of technical capacity development programmes	N/A	N/A

Strategic objective: To manage the development of the technical capacity of the human settlements sector						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievements for 2012/2013	Comment on variance	
Sector professional development programmes developed, reviewed Implemented	N/A	Sector professional development support programme developed	<p>Sector professional development support programme was developed and implemented</p> <p>Sector professional development support programme was implemented through the following activities:</p> <p>(1) ToRs for the procurement of a service provider to determine institutional arrangements for the establishment of the professional body</p> <p>(2) Co-hosting of the 2012 Southern African International Housing Conference</p> <p>(3) Registration of Bachelor of Human Settlements Development degree with national in terms of NSA regulations</p> <p>(4) Launched the Chair of Education in Human Settlements</p>	N/A	N/A	
Sector professional development support programme; Human Settlements curriculum; scholarship programme		Human Settlements curriculum reviewed	Human Settlements curriculum has been reviewed and approved by the Council on Higher Education	N/A	N/A	

Strategic objective: To manage the development of the technical capacity of the human settlements sector					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievements for 2012/2013	Comment on variance
		Scholarship programme implemented	<p>The scholarship programme was implemented through:</p> <ul style="list-style-type: none"> Facilitation of student registration Processing of payments for tuition, accommodation, stipend, prescribed (textbooks and meals for the first and second semesters (1) Facilitation of placement of the six scholarship beneficiaries in North West (2) Facilitation of placement of the scholarship beneficiaries for experiential training (3) A workshop hosted with sister departments to benchmark on student placements (4) A graduate workshop hosted for final year students to equip them with workplace skills (5) Facilitation of the Govan Mbeki Awards preparations for the scholarship category in provinces (6) University visits to monitor scholarship beneficiaries' performance 	N/A	N/A

Strategic objective: To manage regulatory compliance service					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievements for 2012/2013	Comment on variance
Approved strategic plans and compliance framework	Approved strategic plans and compliance frameworks	Strategic plans and compliance frameworks of entities and Department	Compliance framework on entities that report to the Department was produced	The framework does not cover the Department	The produced framework is intended to be used as the benchmark
Number of performance monitoring and oversight visits reports produced	Performance and compliance monitoring and oversight visits reports	Performance and compliance monitoring reports on oversight	No performance reported as KPI is duplicated. This KPI is replaced by KPI 'Seven performance monitoring and oversight visits reports produced' below	N/A	N/A
Approved strategic plans and budgets of housing entities aligned to Outcome 8 objectives	Six letters of approved strategic plans for 2010/11	Seven strategic plans of entities with Outcome 8 outputs approved by Minister	Seven plans processed of entities with Outcome 8 outputs. Two plans approved by Minister. Five plans still in the Ministry	Six strategic plans of entities with Outcome 8 outputs approved by Minister	Awaiting Ministerial approval
Number of performance monitoring and oversight visits reports produced (financial and non-financial)	Seven performance monitoring and oversight visits reports for 2010/11	Seven performance monitoring and oversight visits reports produced	Five performance monitoring and oversight visits reports produced	Two performance monitoring and oversight visits reports to be produced	Oversight visits have not yet been completed. By the end of April 2013, the two outstanding reports will be finalised and target met
Number of housing entities established or dissolved	One housing entity established	One housing entity established	One housing entity established	N/A	N/A
Number of oversight report on governance, risk management and policy advocacy	Two oversight reports on governance 2010/11	Eight oversight reports on governance, risk management and policy advocacy	Four reports (consolidated into one report) approved. Four reports (consolidated into one) still in the system	Four reports (consolidated into one), yet to be approved	Four reports (consolidated into one), will be finalised before the end of the quarter
Approved service level agreements	N/A	Seven service level agreements approved	Seven service level agreements processed for approval	Seven approved service level agreements	Awaiting Ministerial approval
A report on the BEPPs reviews coordinated and facilitated	N/A	One report on the BEPPs reviews coordinated and facilitated	Not achieved	One report on the BEPPs reviews coordinated and facilitated	N/A

Strategic objective: To manage regulatory compliance service						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievements for 2012/2013	Comment on variance	
Reports on the municipal performance reviews coordinated and facilitated		Two reports on the municipal performance reviews coordinated and facilitated	Two reports on the municipal performance reviews coordinated and facilitated	N/A	N/A	
Functioning Disaster Management Unit in the human settlement sector	N/A	One report on the ToRs for the appointment of a nodal point for disaster management	Draft ToRs	No report on the ToRs for the appointment of a nodal point for disaster management	N/A	
Number of reports on management of Outcome 8	Macro coordination framework and ToRs: report on the delivery agreements	Four reports on the progress of the PoA for Outcome 8	Four reports on the progress of the POA for Outcome 8	N/A	N/A	
Number of municipalities assessed for accreditation	Eight municipalities assessed for accreditation	10 municipalities assessed for accreditation	10 municipalities assessed for accreditation	N/A	N/A	
Number accredited municipalities supported with implementation of post-accreditation process	Zero accredited municipalities supported with implementation of post-accreditation process	Eight accredited municipalities supported with implementation of post-accreditation process	Eight accredited municipalities supported with implementation of post-accreditation process	N/A	N/A	
Number of the national municipal accreditation frameworks reviewed	Zero national municipal accreditation frameworks reviewed	One national municipal accreditation frameworks reviewed	Municipal accreditation framework has been reviewed and approved by HS MINMEC	N/A	N/A	
Number of municipalities provided with capacity building and support for accreditation	Eight municipalities provided with capacity building and support for accreditation	Nine municipalities provided with capacity building and support for accreditation	Nine accredited municipalities supported with implementation of post-accreditation process	N/A	N/A	

Selected performance indicators as per 2012/2015 departmental strategic plan and annual performance plans

Indicator	Programme	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013
Number of municipalities assessed for accreditation level 2	Office of the Chief of Operations	Eight municipalities assessed for accreditation	10 municipalities assessed for accreditation	10 municipalities assessed for accreditation	None

Strategy to overcome areas of underperformance

The programme will be filling all vacant and funded posts in the new financial year in order to overcome areas of underperformance.

Changes to planned targets

No planned targets were changed during the implementation period.

Linking performance with budget

Chief of Operations

Sub-programme	2012/2013			2011/2012		
	Final appropriation	actual expenditure	(over)/under expenditure	final appropriation	actual expenditure	(over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	3,305	2,343	962	5,337	2,950	2,387
Enterprise Architecture	7,702	5,872	1,830	13,981	12,135	1,846
Technical Capacity Development	35,614	35,371	243	40,395	38,741	1,654
Regulatory Compliance Services	59,779	50,172	9,607	11,683	7,817	3,866
Total	106,400	93,759	12,641	71,396	61,643	9,753

6. SUMMARY OF FINANCIAL INFORMATION

6.1 Departmental receipts

Departmental receipts	2012/2013			2011/2012		
	Estimate amount R'000	Actual Amount collected R'000	(over)/under collection R'000	Estimate amount R'000	Actual Amount collected R'000	(over)/under collection R'000
Tax receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	167	168	(1)	157	302	(145)
Transfers received			-			-
Fines, penalties and forfeits			-			-
Interest, dividends and rent on land	55	25	30	21	21	-
Sale of capital assets			-	153		153
Transactions in financial assets and liabilities	1,048	766	282	988	285	703
Total	1,270	959	311	1,319	608	711

6.2. Programme expenditure

Programme	2012/2013			2011/2012		
	Final	Actual	(Over)/ under expenditure	Final	Actual	(Over)/ under expenditure
	appropriation	expenditure		appropriation	expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	236,106	174,318	61,788	222,111	167,552	54,559
2. Housing Policy, Research and Monitoring	46,719	32,356	14,363	39,442	32,954	6,488
3. Housing Planning and Delivery Support	224,460	143,667	80,793	200,011	187,350	12,661
4. Housing Development Finance	24,440,076	23,958,808	478,564	22,197,499	22,105,620	91,879
5. Strategic Relations and Governance	190,444	154,119	36,325	166,478	105,444	61,034
Total	25,137,805	24,465,975	671,830	22,825,541	22,598,920	226,621

6.3. Transfer payments, excluding public entities

See 6.5 below

6.4. Public entities

The following is a list of public entities established through the DHS:

1. NATIONAL HOUSING FINANCE CORPORATION (NHFC)

The NHFC was established as a Development Finance Institution (DFI) in 1996 with the principal mandate of broadening and deepening access to affordable housing finance for low- to middle-income households. This mandate is achieved through leveraging private sector funds for human settlements development, the funding of private inner city landlords and social housing landlords as well as installment sale subsidised projects and the awarding of incremental loans, providing borrowers with an opportunity to improve their current homes or to build a home in an incremental way by making successive loans. These loans are mostly in the range of R10 000 to R15 000. Certain intermediaries offer mortgage loans in addition to incremental loans and NHFC, as a security, takes cession of the individual loans.

During the financial year under review, the NHFC approved a single partnership transaction that stands to significantly leverage R12 billion of private sector funds for human settlements development and achieve developmental impact of 43 000 housing units in total. As such, 163 400 beneficiaries will be impacted. Participation is aligned to the attainment of Outcome 8, and also in line with the New Growth Path, since it is envisioned to create 158 000 additional jobs. This partnership transaction will result in a total of R3 billion foreign direct investment into the country. For the 2012/13 financial year, the NHFC leveraged R2.5 billion through third party funding.

Milestones achieved in strategic initiatives during the 2012/13 financial year:

- **FLISP** – Eight out of nine provinces signed the implementation protocols; five provinces transferred **R167,7 mil** FLISP funds to the NHFC, ±835 subsidy applications worth **R42 mil** under consideration from accredited projects
- **MDI** – MDI business case was enhanced with a new premium structure to attain sustainability; consultation with the banks and the National Treasury to capitalise the business has been positive.

Although the NHFC had a slow start to the financial year due to the depressed economic environment, the entity managed to disburse R480 mil by the end of the financial year, resulting in 27 593 housing opportunities being delivered. In particular, R136.5 mil benefitted social housing recipients. The entity also experienced a significant pipeline growth, with approvals totaling R1 295 billion for the year under review. The approvals stand to grow the client base from 53 to 69 intermediaries,

achieving a 30% growth in client base. The NHFC business developments efforts over time are paying off as key clients are now able to attract significant private sector funding and funding from international banks. Massive job creation is also being achieved. For the financial year under review, 9 249 jobs were created against a target of 7 547.

2. NATIONAL URBAN RECONSTRUCTION AGENCY (NURCHA)

NURCHA's mandate is spelt out in the South African Government/OSI/SEDF/NURCHA Agreement as an entity that will ensure availability of bridging finance to small, medium and established contractors building low- and moderate-income housing and related community facilities and infrastructure. To achieve this, NURCHA lends to contractors and developers building subsidy housing, affordable housing and community facilities and infrastructure, either directly or through intermediaries. NURCHA may, with the permission of its board and in line with the prescripts of the PFMA, provide other forms of financing to assist in the development of empowered construction and development companies

NURCHA continues to focus on the key areas of growth of both lending and programme management portfolios whilst placing a significant emphasis on the collection of the historical bad debt. The entity is also driving the implementation of flagship projects across the country which will reinforce the commitment and relevance of the entity to the agenda of the national DHS. Furthermore, active engagements are being held with both the public and private sector to form strategic partnerships; the entity's collaboration between various parties is a key driver to service delivery.

For the financial year under review, the Social Housing Programme signed 12 projects, resulting in only 60% of the value of loans being achieved for the year, in other words R67.3 mil in comparison to the annual budget of R112.8 mil. Despite the lower-than-expected volume of contracts signed for the year, the value of projects achieved 97% of the annual target, reaching R610 mil. The Social Housing Programme is financing larger projects as the number of houses built exceeds the 5 343 target by 55%, reaching a total of 8 298 houses built. This is also a result of rollovers from previous years. The Social Housing Programme will be greatly influenced by the roll out of the Contractor Finance and Development Programme initiative, which is expected to drive project volumes in the new year.

With regard to the Infrastructure Programme, an underperformance across all annual targets is registered. This is largely driven by the change to certificate-based lending, which resulted in the entity making fundamental changes to its lending model resulting in a significant reduction in applications. The targets set were based on historical performance and no revision of targets was undertaken during the financial year. The NURCHA board has taken a decision to focus its efforts to existing clients until project volumes increase.

The Affordable Housing Programme presented 17 new loan applications out of a budgeted 22 to the NURCHA Credit Committee. Eleven of these loan applications were approved and signed by the clients, three were not accepted by the clients and three loans will be signed in the new financial year. Two of the loans not accepted relate to the clients' exposure levels as a result of delays encountered with other projects. In general, the Affordable Housing Programme is making significant inroads into national expansion, with discussions held with developers in the Eastern Cape, KwaZulu-Natal and the Western Cape. The entity is also engaging with relevant parties to consider increasing the product offering into the rental market.

3. RURAL HOUSING LOAN FUND (RHLF)

The mandate confirmed by the Executive Authority continues to be to provide affordable housing micro credit to low-income rural households and, in so doing, empowering them to maximise their housing choices and improve their living conditions incrementally with access to credit from sustainable retail lenders.

The RHLF executes its mandate, in its form as a wholesale DFI, working through a network of retail finance intermediaries, to deliver funding for incremental housing purposes to the rural poor. As a venture capital fund, the RHLF takes an equity stake in some of the intermediary lenders in order to play an active role in supporting the growth of these entities.

The RHLF's performance for the 2012/13 financial year is pleasing, with most of the annual targets being achieved. The entity disbursed R107,1 mil to its intermediaries (excluding mezzanine funds), against an annual target of R101,5 mil. This translated into 44 812 for the financial year, against a target number of 38 202, with the average loan amounting to R6 087. Of the 44 812 loans disbursed, 65,8% of the loans went to households earning less than R3 500, and only 11,6% of the loans to households earning more than R9 500.

The major challenge that confronted the entity during the year of review is funding constraints. The market is showing appetite for housing micro loans, and there is a high demand for the RHLF funding. However, the RHLF cannot approve any more facilities due to the limited financial constraints. The lack of funding also impacted the entity's ability to secure

additional intermediaries and community-based origination channels that would have helped the entity to reach its target market.

4. NATIONAL HOME BUILDERS REGISTRATION COUNCIL (NHBRC)

The NHBRC is a statutory body with the responsibility to regulate the South African home building industry and to protect the interests of the housing consumer in terms of the Housing Consumers Protection Measures Act (Act No. 95 of 1998, as amended). The NHBRC's mission is to protect the Warranty Fund by ensuring that all subsidy and non-subsidy homes are enrolled prior to the commencement of construction to allow for inspection during construction. The entity is also tasked with providing customer care services to all stakeholders in the home building industry, capacitating housing consumers about their rights, duties and obligations, building the capacity of home builders, promoting quality and innovative construction in the home building industry and promoting and maintaining ethical standards in the home building industry.

The new home builder's registration increased in the year under review by 9%, compared to the figures registered in the last financial year. The increase in the registration of home builders can be attributed to the change in market conditions. The NHBRC has witnessed a steady increase in the renewal of registration status by registered builders since the 2005/2006 financial year. The average renewal over the last four years is 78%. This means that of all the active builders, the NHBRC expects 78% of them, on average, to renew their registration every new financial year.

Enrolment of homes has increased by 14% as compared to the previous financial year. This could also be attributed to the fact that the market has started to recover from the recession. It should be noted that it is the intention of the NHBRC to reduce the number of late enrolments as they pose a risk to the Warranty Fund.

The total number of complaints received for the year under review totaled 541, of which 471 were complaints that were resolved by the NHBRC. The total numbers of complaints received and resolved are broken down as structural related, roof related, maintenance related and other complaints that are outside the warranty.

Section 14 of the Housing Consumers Protection Measures Act requires that all new homes be enrolled 15 days prior to construction. In the current year, a total of 37 843 houses were enrolled for project enrolment and a total of 207 616 for home enrolment. The NHBRC still faces challenges with a number of provincial DHSs in terms of ensuring that all projects are enrolled timeously.

The NHBRC conducts a minimum of four inspections on houses that are enrolled; the number of inspections conducted per house depends on the complexity of the design of the house. The NHBRC uses the inspection of the houses as a mitigating factor to the risk posed to it. A total number of 249 114 inspections were conducted for the year under review; this is an increase of 12% as compared to the figures of the previous financial year. The NHBRC has also embarked on a strategy to ensure that all subsidy housing units constructed in the country were inspected by the NHBRC, which is done in order to mitigate the risk of possible future rectification by government. A total of 179 930 subsidy inspections were conducted by the NHBRC for the year under review.

5. HOUSING DEVELOPMENT AGENCY (HDA)

The HDA came into being on 23 September 2008. It was established in terms of the Housing Development Agency Act (Act No. 23 of 2008). The HDA began its operations from 1 April 2010; its strategic objective is to facilitate and accelerate the development of large-scale integrated sustainable human settlements. The agency is tasked with ensuring the availability of land for development, facilitating the effectiveness structure of projects and overseeing their implementation, ensuring appropriate government funding flows and subsidies for development, and promoting an appropriate policy and regulatory framework.

During the financial year under review, the entity saw a total of 6 695.1133 hectares of public land and 295.2536 of private land being released for human settlements development. Furthermore, the entity identified a total of 28 090.4908 hectares of properties. Two properties in inner-city Johannesburg were acquired by the HDA, and the process plan to release the properties into the development cycle is underway. Moreover, a Deed of Sale has been signed by the HDA and Servcon for five properties measuring 746.5626 hectares. Payment of the purchase price has been effected and rates clearance certificates have been issued; transfer and registration is underway. Moreover, two Ventersdorp properties measuring 295 hectares have been acquired by the HDA and transferred to the Ventersdorp municipality.

With regard to intergovernmental initiatives by the HDA, three Implementation Protocols were concluded with the KwaZulu-Natal DHS, the Western Cape DHS, and the Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs. The entity also undertook an audit and rapid assessment of 67 informal settlements in 17 municipalities in Limpopo to determine the status of each informal settlement. The community consultation process has commenced. Informal settlement upgrading work is well underway in the Northern Cape and rapid assessments in six settlements have also been undertaken.

The HDA signed six respective NUSP delivery agreements with six different municipalities; this will assist the municipalities to achieve their Outcome 8 targets. Feasibility studies and project packaging in five NUSP municipalities to develop assessed project pipeline and multi-year expenditure to submit for project funding for implementation has been undertaken. Nine projects have been recommended for funding and upgrading initiative in the financial year 2013/14. The Bendor Ext. 100 Roads and Stormwater project is approximately 80% complete. With regards to the mega projects, both the N2 Gateway and Zanemvula are on track. The Zanemvula won the Govan Mbeki Best Priority Award at the Eastern Cape awards and the N2 Gateway won the Govan Mbeki Best Priority Award at the national awards.

The HDA has opened an office in the Free State; this means that the HDA now has a total of five offices in Cape Town, Port Elizabeth, Polokwane, Bloemfontein and Johannesburg. The HDA hosted a number of workshops throughout the year. The HDA has on behalf of the NUSP developed a website and produced a brochure and an electronic newsletter. Furthermore, the HDA publications unit produced a number of newsletters on urban regeneration, on how to use Lapsis, on blocked projects, on informal settlement status reports, on emergency housing, and on neighbourhood regeneration. Of importance as well is that various HDA produced videos were delivered. The videos were on Nahsli, the human settlements value chain, on project pipelines, on examining relocations on the N2 Gateway, as well as on mega-project management on Zanemvula.

6. SOCIAL HOUSING REGULATORY AUTHORITY (SHRA)

SHRA was established in terms of the Social Housing Act (Act No. 16 of 2008). It is intended to regulate all social housing institutions (SHIs) and projects obtaining public funds. The SHRA has two main service delivery programmes: the Investment Programme and the Regulations Programme.

The 2012/13 year was effectively SHRA's second year of operation. The organisation moved from the office establishment phase in year one to the organisational building phase in terms of its growth path. Most of the key functions have been unpacked and where necessary have been reviewed and fine-tuned to optimise performance. For the year under review, 11 085 social housing units were approved. The accreditation process included 42 SHIs, providing the following accreditation status:

- Fully accredited: 8
- Conditionally accredited: 12
- Pre-accredited: 23
- Declined: 8
- Withdrawn: 1

In total, 32 intervention grants were approved, tenant and building audit tools were developed, nine tenant audits were undertaken and seven building condition audits were undertaken. The SHRA also signed agreements with the following provinces and municipalities:

- North West: signed
- Free State: signed
- Eastern Cape: signed
- KZN: signed
- Limpopo: draft
- Mpumalanga: draft
- Gauteng: draft
- Northern Cape: draft
- Western Cape: draft
- City of Cape Town: signed
- City of Johannesburg: in the process of finalisation
- Ekurhuleni: draft

7. ESTATE AGENCY AFFAIRS BOARD (EAAB)

The EAAB was established in 1977 in terms of the Estate Agency Affairs Act (Act No. 112 of 1976). The primary mandate of the EAAB is to regulate, maintain and promote the standard of conduct of estate agents having due regard for the public interest, issue fidelity fund certificates to qualifying applicants, prescribe the standard of training of estate agents, investigate complaints against estate agents, institute disciplinary proceedings against offending estate agents where required and manage and control the Estate Agents Fidelity Fund. The EAAB was transferred from the DTI to the DHS following a Cabinet decision to house all pieces of legislations pertaining to housing under one department.

During the financial period under review, registrations increased by 6%. In the 2012/13 financial year, a total of 55 232 registrations were recorded compared to the 52 304 of the 2012/11 financial year. This is due to rising interest in the estate agency profession as intern applications increase. The EAAB's attendance to EAAB awareness campaigns has increased dramatically, which has had a positive impact on existing estate agents renewing their fidelity fund certificates. The implementation of online registrations has also improved the turnaround times to process fidelity fund certificates. Almost 95% of renewals and 70% of new registrations are processed within the expected time.

The Professional Designation Exam (PDE) was only introduced to the estate agency sector by the EAAB during August 2011. In the drive to professionalise the estate agency industry, it was created to test the practical and specialised competencies and knowledge required of professional estate agents. The number of candidates who registered and passed the PDE for Level 4 (targeted at intern estate agents) increased by 151% in the financial year 2012/13 compared to the previous financial year. The number of candidates who registered and passed the PDE Level 5 (targeted at non-principal estate agents) increased by 36%.

Research into the implementation of Continuing Professional Development (CPD) for estate agents has been completed and an approved CPD policy was communicated to affected stakeholders for implementation on 1 August 2012. Practising estate agents are required to comply with the prescribed CPD requirements in accordance with the policy. An explanatory brochure on the CPD programme has been issued while various clarifying articles have also been published in the EAAB's newsletter and AGENT magazine. Information on the CPD programme will also be widely disseminated at the EAAB roadshows that are presently being conducted countrywide.

The number of inspections performed in the 2012/13 financial period increased dramatically. 1 613 inspections were performed during the 2012/13 financial period, compared to 364 performed in the prior year. This is an almost 343% increase. An executive for inspections has been appointed in the 2012/13 financial period with the intention of improving the effectiveness of prosecutions of estate agents who do not comply with the EAAB requirements and widening the scope of inspections to include all nine provinces.

Cases raised from complaints for prosecutions and completed amounted to 411 in the 2012/13 financial period. This is a vast improvement on the 214 cases enrolled in the previous period. Although estate agents were prosecuted, there were no appeals raised during the 2012/13 financial period.

The fidelity fund used to protect consumers against unscrupulous estate agents is in a healthy financial position. It has grown by almost 12% since the 2008/09 financial period. Its net asset value is R575 mil as at the end of 2012/13 financial period.

8. SERVCON HOUSING SOLUTIONS

Servcon was established in 1995 as a result of the Record of Understanding entered into between the Department of Housing (representing government) and the Banking Council (representing participating banks). The company was established in terms of the Companies Act of 1973 and was mandated to provide exclusive management services effective from 1 April 1998, with respect to a documented 'ring-fenced' portfolio of 33 310 properties comprising properties in possession and non-performing loans worth R1.277 billion over a period of eight years (1 April 1998 to 31 March 2006). In 2006 the shareholders represented by the Banking Council and the DHS parted, in terms of the Sale of Shares and Claims Agreement. During 2007 the institution undertook to assist provinces through a normalisation and regularisation programme.

The institution ceased operations in September 2009 and is currently in the process of final closure. Servcon is wholly owned by government and the Managing Director of Servcon is accountable to the Executive Authority of Human Settlements.

9. SOCIAL HOUSING FOUNDATION (SHF)

The SHF is a Section 21 company established in 1996. The board of the SHF is accountable to the Executive Authority of Human Settlements. The foundation was established to develop and build capacity for SHIs and to develop a policy framework for the social housing sector. It provides knowledge management services as well as policy, communication and institutional support to the sector. In addition the foundation has been monitoring and evaluating the social housing sector. The SHF is in the process of liquidation.

10. THUBELISHA HOMES

Thubelisha Homes was established as a non-profit, special purpose vehicle to create appropriate housing stock for rightsizing the Servcon portfolio. The institution ceased operations in July 2009 and was placed in voluntary liquidation on 29 March 2012. The liquidation of the entity is in progress. The liquidator is accountable to the Master of the High Court. The accounting officer is accountable to the Executive Authority of Human Settlements.

11. COMMUNITY SCHEMES OMBUD SERVICE (CSOS)

The Community Schemes Ombud Service Act (Act No. 9 of 2011) was promulgated on 11 June 2011 and provides for the establishment of the CSOS as a public entity. The functions of the CSOS are to:

- Develop and provide dispute resolution in terms of the CSOS Act.
- Provide training for conciliators, adjudicators and other employees of CSOS.
- Regulate, monitor and control quality of schemes governance documentation.
- Take custody of, preserve and provide public access electronically or by other means to schemes governance documentation.

The operationalisation of the CSOS is in progress. The board of the CSOS is accountable to the Executive Authority of Human Settlements.

6.5 Conditional grants and earmarked funds paid

Human Settlements Development Grant

Department/municipality to whom the grant has been transferred	Nine provinces
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	241 294
Actual outputs achieved	160 679
Amount per amended DoRA	R15 725 959
Amount transferred (R'000)	R15 395 032
Reasons if amount as per DoRA not transferred	R330.1 mil was withheld from Eastern Cape and Limpopo provinces respectively due to under performance
Amount spent by the department/ municipality (R'000)	R15 276 204
Reasons for the funds unspent by the entity	
Monitoring mechanism by the transferring department	

Urban Settlements Development Grant

Department/municipality to whom the grant has been transferred	Buffalo City Metropolitan Municipality
Purpose of the grant	To supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programmes
Expected outputs of the grant	Number of additional households in informal settlements receiving basic municipal services per annum, including water and sanitation, solid waste and area lighting Number of in-situ upgraded households in informal settlements Number of households relocated from informal settlements Hectares of land identified, procured and proclaimed for informal settlement upgrading and/or mixed use development Number of title deeds transferred to eligible households Number of work opportunities created through the overall capital programme of the municipality Number of households served by schools and clinics within upgraded settlement

Actual outputs achieved	Indicator	Third Quarter Actual Achieved
	Number of new households (RDP) provided with water connections	605
	Number of formal households with access to basic electricity (20 amp supply)	858
	Number of new households (RDP) provided with electricity connections	549
	Backlog of electricity connections to consumer units	658
	Number of sanitation service points (toilets) installed for informal settlement dwellers	176
	Number of formal domestic customers receiving sewerage services	120 683
	Kilometers of roads and associated services re-gravelled	89.7 km
	Kilometers of roads surfaced	16.2 km
	Kilometers of existing roads and associated services maintained and rehabilitated	484.5 km
	Number of water services points installed for informal settlements dwellers within a 200 m radius	67
	Number of new households (RDP) provided with water connections	591
	Number of land parcels released	7
Amount per amended DoRA	R499 474 000	
Amount transferred (R'000)	R499 474 000	
Reasons if amount as per DoRA not transferred	None	
Amount spent by the department/ municipality (R'000)	R155 863 000	

Reasons for the funds unspent by the entity	Political interference as a major cause for the poor service delivery and poor spending in the city Moratorium on land acquisition Lengthy procurement processes Legal challenges around major projects Limited land in close proximity to the city centre
Monitoring mechanism by the transferring department	Conduct quarterly reviews with the municipalities Undertake oversight visits in order to assess and where possible address challenges faced by municipalities Hold CFO forums
Department/municipality to whom the grant has been transferred	Nelson Mandela Bay Metropolitan Municipality
Purpose of the grant	To supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programmes
Expected outputs of the grant	Number of additional households in informal settlements receiving basic municipal services per annum, including water and sanitation, solid waste and area lighting Number of in-situ upgraded households in informal settlements Number of households relocated from informal settlements Hectares of land identified, procured and proclaimed for informal settlement upgrading and/or mixed use development Number of title deeds transferred to eligible households Number of work opportunities created through the overall capital programme of the municipality Number of households served by schools and clinics within upgraded settlement

Actual outputs achieved	Indicator	Third Quarter Actual Achieved
	Number of erven provided with permanent water and sanitation services	3 647
	Number of settlements upgraded from informal to formal	90% completed
	Number of households relocated from stressed informal settlements and other servitudes to Greenfield development areas	726
	Number of state subsidised defective houses rectified	924
	Percentage of households within the urban edge provided with access to a basic potable water supply within a 200m radius	100%
	Number of new state-subsidised houses provided with water connections	3 080
	Number of new state-subsidised houses provided with sewer connections	3 080
	Number of new erven connected to electricity	1 780
	Number of new streetlights installed	27
	Number of new area lights installed	372
	Kilometres of gravel roads to be tarred	4 km
	Number of gravel cul-de-sac to be tarred	30
	Kilometres of new sidewalks constructed	1.5 km

Amount per amended DoRA	R592 870 000
Amount transferred (R'000)	R592 870 000
Reasons if amount as per DoRA not transferred	None
Amount spent by the department/ municipality (R'000)	R314 414 000
Reasons for the funds unspent by the entity	Delays due to supply chain processes for the appointment of the new service providers (vehicles) since previous contracts expired Delays to relocate were caused by the service delivery protests experienced in Motherwell NU 29 Budget cut from R25 mil to R17.5 mil in the 2012/13 financial year, which provides for the connection of 2 500 erven only
Monitoring mechanism by the transferring department	Conduct quarterly reviews with the municipalities Undertake oversight visits in order to assess and where possible address challenges faced by municipalities Hold CFO forums

Department/municipality to whom the grant has been transferred	Mangaung Metropolitan Municipality	
Purpose of the grant	To supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programmes	
Expected outputs of the grant	Number of additional households in informal settlements receiving basic municipal services per annum, including water and sanitation, solid waste and area lighting Number of in-situ upgraded households in informal settlements Number of households relocated from informal settlements Hectares of land identified, procured and proclaimed for informal settlement upgrading and/or mixed use development Number of title deeds transferred to eligible households Number of work opportunities created through the overall capital programme of the municipality Number of households served by schools and clinics within upgraded settlement	
Actual outputs achieved	Indicator	Third Quarter Actual Achieved
	2.8km of gravel roads tarred / Budget spend	50%
	Kilometres of roads resurfaced	11 km
	Percentage of formal erven with access to functioning basic water supply	94.4%
	Number of consumer units provided with a basic level of potable water above RDP standards	158 448
	Number of formal domestic customers receiving sewerage services	227
	Two landfill sites rehabilitated	50%
	Number of informal settlements upgraded	1
	Development of seven land parcels to provide housing accelerated	LAA finalised, but not yet signed; service level agreement for Hillside View drafted

	Number of land parcels acquired for the development of human settlements	Report for land parcel was approved during Council meeting of March 2013 and the formal and written offer will be made to the owners
Amount per amended DoRA	R485 967 000	
Amount transferred (R'000)	R485 967 000	
Reasons if amount as per DoRA not transferred	None	
Amount spent by the department/ municipality (R'000)	R300 192 000	
Reasons for the funds unspent by the entity	Shortage of bitumen in RSA Sites are not yet ready Signing of LAA for Vista Park 2 and finalisation of LAA for Vista Park 3	
Monitoring mechanism by the transferring department	Conduct quarterly reviews with the municipalities Undertake oversight visits in order to assess and where possible address challenges faced by municipalities Hold CFO forums	

Department/ Municipality to whom the grant has been transferred	Ekurhuleni Metropolitan Municipality
Purpose of the grant	To supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programmes
Expected outputs of the grant	Number of additional households in informal settlements receiving basic municipal services per annum, including water and sanitation, solid waste and area lighting Number of in-situ upgraded households in informal settlements Number of households relocated from informal settlements Hectares of land identified, procured and proclaimed for informal settlement upgrading and/or mixed use development Number of title deeds transferred to eligible households Number of work opportunities created through the overall capital programme of the municipality Number of households served by schools and clinics within upgraded settlement

Actual outputs achieved	Indicator	Third Quarter Actual Achieved
	Install lighting	
	Install protective structures and pre-payment meters	
	Install LV and MV cables	
	Electricity connections to households in townships	
	MEIA rectification	
	Construction of roads	10km
	Construction of walkways	1km
	Construction of stormwater drains	3km

	Resurface and rehabilitation of paved roads	
Amount per amended DoRA	R1 212 537 000	
Amount transferred (R'000)	R1 212 537 000	
Reasons if amount as per DoRA not transferred	None	
Amount spent by the department/ municipality (R'000)	R607 300 000	
Reasons for the funds unspent by the entity	Not indicated	
Monitoring mechanism by the transferring department	Conduct quarterly reviews with the municipalities. Undertake oversight visits in order to assess and where possible address challenges faced by municipalities. Hold CFO forums.	

Department/municipality to whom the grant has been transferred	City of Tshwane Metropolitan Municipality	
Purpose of the grant	To supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programmes	
Expected outputs of the grant	Number of additional households in informal settlements receiving basic municipal services per annum, including water and sanitation, solid waste and area lighting Number of in-situ upgraded households in informal settlements Number of households relocated from informal settlements Hectares of land identified, procured and proclaimed for informal settlement upgrading and/or mixed use development Number of title deeds transferred to eligible households Number of work opportunities created through the overall capital programme of the municipality Number of households served by schools and clinics within upgraded settlement	
Actual outputs achieved	Indicator	Third Quarter Actual Achieved
	Construction of roads and stormwater drains (45 km)	33%
	Upgrading of stadium	60%
	Upgrading of sewers	99%
	Bulk water pipeline installed	1 289m
	Network pipes for reticulation installed	69 934m
	Sewer network pipes installed	12 985m
Amount per amended DoRA	R1 051 070 000	
Amount transferred (R'000)	R1 051 070 000	
Reasons if amount as per DoRA not transferred	None	
Amount spent by the department/ municipality (R'000)	R610 211 000	
Reasons for the funds unspent by the entity	Reasons not mentioned	
Monitoring mechanism by the transferring department	<ul style="list-style-type: none"> Conduct quarterly reviews with the municipalities. Undertake oversight visits in order to assess and where possible address challenges faced by municipalities Hold CFO forums 	

Department/municipality to whom the grant has been transferred	City of Johannesburg Metropolitan Municipality
Purpose of the grant	To supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programmes
Expected outputs of the grant	<p>Number of additional households in informal settlements receiving basic municipal services per annum, including water and sanitation, solid waste and area lighting</p> <p>Number of in-situ upgraded households in informal settlements</p> <p>Number of households relocated from informal settlements</p> <p>Hectares of land identified, procured and proclaimed for informal settlement upgrading and/or mixed use development</p> <p>Number of title deeds transferred to eligible households</p> <p>Number of work opportunities created through the overall capital programme of the municipality</p> <p>Number of households served by schools and clinics within upgraded settlement</p>

Actual outputs achieved	Indicator	Third Quarter Actual Achieved
	Number of solar water heaters rolled out	2 490
	Percentage of treatment works upgraded and constructed	97%
	Provision of basic sanitation to households in informal settlements	3043
	Provision of basic water to households in informal settlements	3045
	Provision of basic electricity to households in informal settlements	4488
	Provision of public lights in informal settlements	5169
	Informal settlement households upgraded	2016
	Number of informal settlements relocated	1
	Number of informal settlements receiving the basic standard of waste services	119
Amount per amended DoRA	R1 290 748 000	
Amount transferred (R'000)	R1 290 748 000	
Reasons if amount as per DoRA not transferred	None	
Amount spent by the department/ municipality (R'000)	R483 366 000	
Reasons for the funds unspent by the entity	Reasons not mentioned	
Monitoring mechanism by the transferring department	<p>Conduct quarterly reviews with the municipalities</p> <p>Undertake oversight visits in order to assess and where possible address challenges faced by municipalities</p> <p>Hold CFO forums</p>	

Department/municipality to whom the grant has been transferred	eThekweni Metropolitan Municipality	
Purpose of the grant	To supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programmes	
Expected outputs of the grant	Number of additional households in informal settlements receiving basic municipal services per annum, including water and sanitation, solid waste and area lighting Number of in-situ upgraded households in informal settlements Number of households relocated from informal settlements Hectares of land identified, procured and proclaimed for informal settlement upgrading and/or mixed use development Number of title deeds transferred to eligible households Number of work opportunities created through the overall capital programme of the municipality Number of households served by schools and clinics within upgraded settlement	
Actual outputs achieved	Indicator	Third Quarter Actual Achieved
	The number of consumer units receiving fully subsidised housing	2 760
	Number of consumer units provided with access to a free basic level of potable water	1 000
	Number of consumer units provided with access to a free basic level of sanitation	4 019
	Number of consumer units provided with new prepaid electricity connections	8 575
	Number of consumer units provided with new conventional electricity connections	800
	Kilometres of sidewalk constructed.	25
	Kilometres of unsurfaced road converted to surfaced	3.8km
Amount per amended DoRA	R1 287 560 000	
Amount transferred (R'000)	R1 287 560 000	
Reasons if amount as per DoRA not transferred	None	
Amount spent by the department/ municipality (R'000)	R782 542 000	
Reasons for the funds unspent by the entity	Due to a court dispute with regard to the tender that was granted, there has been a delivery problem with water meters	
Monitoring mechanism by the transferring department	Conduct quarterly reviews with the municipalities Undertake oversight visits in order to assess and where possible address challenges faced by municipalities Hold CFO forums	

Department/municipality to whom the grant has been transferred	City of Cape Town Metropolitan Municipality	
Purpose of the grant	To supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programmes	
Expected outputs of the grant	Number of additional households in informal settlements receiving basic municipal services per annum, including water and sanitation, solid waste and area lighting Number of in-situ upgraded households in informal settlements Number of households relocated from informal settlements Hectares of land identified, procured and proclaimed for informal settlement upgrading and/or mixed use development Number of title deeds transferred to eligible households Number of work opportunities created through the overall capital programme of the municipality Number of households served by schools and clinics within upgraded settlement	
Actual outputs achieved	Indicator	Third Quarter Actual Achieved
	Number of water service points provided	183
	Number of sanitation service points (toilets) provided in informal settlements	546
	Serviced sites	3 467
	CRU upgrades and shared services provision to re-blocked informal settlements	1 257
	Number of informal settlements receiving door-to-door refuse collection	204
Amount per amended DoRA	R971 980 000	
Amount transferred (R'000)	R971 980 000	

6.6. Conditional grants and earmarked funds received

No conditional grants and earmarked funds were received by the Department during the period under review.

6.7. Donor Funds

No donor funds were received by the Department during the period under review.

6.8. Capital investment, maintenance and asset management plan

The department is not directly involved in capital investment.



GOVERNANCE

PART C

1. INTRODUCTION

2. RISK MANAGEMENT

The Department has a fully functional Risk Management Committee whose responsibility is to assist the Accounting Officer in addressing its oversight requirements of risk management, evaluating and monitoring the institution's performance with regard to risk management. Furthermore the committee's role is to formulate, promote and review the institution's enterprise risk management objectives, strategy and policy and monitor the process at strategic management and operational levels. The committee is composed of executive and non-executive members, including a representative from the Audit Committee and the chairperson who is a non-executive member. The Risk Management Committee operates in accordance with the approved ToRs and the risk management policy and framework, which is updated on a yearly basis where necessary.

The committee is supported by a Risk Management Directorate. The committee meets on a quarterly basis to review processes and discuss critical issues in respect of risk management which are also tabled before the Audit Committee.

During the period under review the Risk Management Committee was not optimally functional due to lack of participation from the risk owners as well as lapse of the contract for the chairperson and additional executive member. This was discussed both in the Risk Management Committee and the Audit Committee. The acting chairperson has been appointed and the process of appointing the new chairperson is being finalised. The committee held three meetings in this financial year.

A strategic Information technology risk assessment process was undertaken where the Department identified, evaluated and allocated responsibility for managing and controlling the IT risks confronting the Department. The fraud risk assessment for 2012/13 had yet not been done and will be done after the assessment of the impact of the implementation of turnaround strategy.

Risk description	Risk mitigation measures
Lack of and the development of provincial and municipal programme and project management pipeline planning and implementation	Provinces and municipalities have been provided with support to establish programme management units A programme management branch has been established to specifically manage national programme and project pipeline planning Intensive business planning support is provided to provinces and municipalities
Inadequate alignment of financial management and administration across the spheres of the state	Intensive business planning support is provided to provinces and municipalities Monitoring and oversight visits are undertaken to ensure compliance with administrative procedures
Lack of appropriate monitoring, reporting and evaluation of financial and non-financial performance	A process to improve data integrity and management between provinces and municipality is underway Compliance with the housing subsidy system policy and procedures is mandatory
Lack of appropriate alignment of national, provincial and municipal planning and funding of grants	Intensive business planning business support is provided to provinces and municipalities The relevant grant frameworks have been amended to ensure mandatory alignment and coordination of municipal programme and project planning to fund grants A new grant has been introduced by the National Treasury to support to alignment with planning, funding and special outcomes

Lack of appropriate technical capacity, knowledge and expertise

A city support programme has been put in place to support municipalities in respect of prioritised programmes and projects. The NUSP is now in place to support informal settlement upgrading. The municipalities accreditation programme provides for support to both municipalities and provinces to ensure appropriate skills and capacity. A progressionalisation programme is in place to support knowledge sharing and improvement of qualification of officials. The entities have been provided with a mandate to support capacity expertise and knowledge sharing.

3. FRAUD AND CORRUPTION

The Chief Directorate participated in the Department's induction programme for local government employees and officials, including members of the mayoral committee and councilors. This programme seeks to train and/or inform local government employees of human settlements policies and programmes.

The programme achieved the following:

- Monitored external cases being investigated by the Special Investigating Unit in terms of Presidential Proclamation R.7 of 2007, which was extended by Proclamation R.35 of 2010 and R.15 of 2012.
- The objectives of the investigations that were conducted in terms of the Proclamation referred to above are "to investigate any fraud, corruption and maladministration in respect of the development and delivery of low-income housing in South Africa, by national and provincial departments, local authorities (and agents) and Housing Development Boards".

Housing subsidy system investigations

The investigation into housing subsidies (Auditor General's findings for the 2005/06 and 2007/08 financial years) was finalised by the SIU. These investigations sought to prosecute and recovery monies lost (by the government) as a result of fraudulent allocation and accommodation of low-income houses by non-qualifying government employees. The SIU advised the Department that they are finalising their report, and will furnish a copy to the Presidency and the Ministry for Human Settlements. This report will be tabled in Parliament once finalised and submitted to the Presidency.

Housing contracts investigations

- Twenty-four investigations were conducted during the period under review.
- Ten investigations were finalised whilst 14 are still pending (ongoing).

Findings made in respect of the completed housing contract investigations include, inter alia:

- Fruitless and wasteful expenditure incurred in respect of seven matters amounting to R668 499 860,44.
- Potential losses to the respective provincial departments in respect of expenditure incurred versus value created on the ground amounting to R63 994 313,32.
- Civil recoveries identified in respect of six matters amounting to R669 756 140,07.
- Irregular expenditure incurred in respect of five matters amounting to R526 023 263,46.
- Unauthorised expenditure incurred in respect of two matters amounting to R611 797 643,40.
- Disciplinary matters (misconduct) to be further investigated and dealt with by the relevant provincial departments in respect of 11 matters; this relates to 80 officials within the relevant provincial administration.
- Criminal matters/referrals; these relate to transgressions in respect of section 86(1) of the PFMA in respect of eight matters relating to 12 heads of department.

94 systemic findings were made in respect of 17 matters, namely:

- Lack of project application and appropriate contractual arrangements in compliance with the National Housing Act and National Housing Code.
- Non-compliance with the project payment regime in terms of the provisions of the National Housing Act and Housing Code in respect of the progress payment and/or tranche payment regimes.
- Non-adherence to the provisions of the National Housing Act and National Housing Code in respect of prescripts of the relevant subsidy instrument utilised.
- Irregular award of tenders to service providers.
- Contractual non-compliance and inadequate monitoring of contractual terms.
- Inadequate project monitoring regimes.

There are seven completed housing contract investigations that are currently a subject of criminal investigation. These cases include matters that were completed during previous and current financial years.

4. MINIMISING CONFLICT OF INTEREST

None

5. CODE OF CONDUCT

None

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department, in line with the Occupational Health and Safety Act (Act No. 85 of 1993), established the committees and relevant structure to assist on matters of compliance. The Occupational Health and Safety (OHS) Committee conducted monthly inspections to identify risks and challenges to be addressed and to monitor compliance for a conducive and safe work place. Several training interventions were done in compliance with provisions of the OHS Act including first-aiders appointed to assist with emergency onsite injuries on duty.

According to the Act, the main duty of the Department, as an employer, is to provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of the employees. There are, however, many challenges that are experienced in the Department.

One of the serious health and safety issues in the Department is OHS non-compliant buildings at inception of leases which results in departmental employees being accommodated in unsafe buildings, exposing them to injuries and sicknesses and defeating the above duty of the employer. This non-compliance is proved by invalid certificates of compliance that have been issued for buildings used by the Department and also complaints coming from employees. Also, alteration of buildings and overloading of the energy (electricity) supply with non-SABS approved gadgets, without following applicable prescripts as contained in the OHS Act and incorporated legislation have compromised health and safety in the workplace. An example is the absence of windows in some offices due to partitioning, poor ventilation due to absence of windows and blocked mechanical ventilation flow, also due to partition walls.

There are also no approved plans for alterations in some buildings housing the Department and this causes delay for fire drills which are required to be implemented as per the law. In some cases the layout plans in the buildings do not match the configuration of offices.

However, these challenges are being addressed with the relevant stakeholders.

7. INTERNAL CONTROL UNIT

Internal controls exist to benefit an organisation. They strengthen the management practices that govern administrative and financial performance in pre-determine activities. In the Department these are in the form of policies, guidelines and procedures or processes put in place by management to ensure that departmental goals and objectives can be met. The Department has in place an Internal Control Unit accountable to the Chief Financial Officer. The Internal Control Unit has during the financial year achieved the following:

Awareness workshops

These were held quarterly. The main aim is to prevent undesirable events from occurring while ensuring that compliance is achieved. In these sessions procedures and processes are outlined as well as how the departmental policies and other applicable laws and regulations work.

Compliance checks

This is detective in nature, as the main purpose is to detect and subsequently correct the undesirable events/non-compliance that have already occurred. Most fruitless, wasteful expenditure and irregular expenditures were identified during this process.

Policy reviews

The unit also reviews the effectiveness of the internal policies and where necessary the policies are amended. In the current financial year the following financial policies have been reviewed and circulated to all employees for inputs before Director General's approval:

- Gifts, donations and sponsorship policy
- Management of losses policy
- Debtors policy
- Debt write-off policy
- Procurement policy

Advisory

On a monthly basis during the financial year the unit produced reports with recommendations to management.

Management of losses

The Department handles the management of losses through the Internal Control Unit and the Loss Control Committee. During the financial year the unit handled a number of cases of loss which were presented to the Loss Control Committee for a decision. The unit also successfully managed the loss control register.

Internal control environment

Circulars were issued to provide awareness to all the employees in the Department regarding protection of state property, procedures on management of batches and all the proper measures that should be in place to ensure safety.

Batch control

As custodians of all current year payment batches, the unit enhanced its procedures on requesting of batches. Safety of the batches is a priority and effective controls are in place to prevent loss of batches and other files.

8. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2013.

Audit Committee members and attendance

The Audit Committee consists of the members listed below and meets at least four times per year, in accordance with its approved ToRs. During the current financial year six meetings were held.

Name of member	Number of meetings scheduled	Attended
Mr K Buthelezi (Chairperson)	5	5
Mr J Weapond (contract expired 31 December 2012)	4	3
Ms T Moja	5	4
Mr N Monakedi	5	4

Audit Committee responsibility

The Audit Committee reports that it complied with its responsibility in terms of section 38(1) (a) of the PFMA and Treasury Regulation 3.1.

The Audit Committee also reports that it adopted appropriate formal ToRs as outlined in its Audit Committee charter and met its responsibilities as stipulated in the charter.

Effectiveness of internal control

The Department's system of internal controls of risk management is adequate. Despite this, the entire risk management process was not effective due to risk owners' lack of commitment. The Audit Committee subsequently tasked management to address the weaknesses identified.

The system of internal control was not entirely effective for the year under review. Deficiencies in and/or deviations from the system of internal controls were reported by internal auditors and the Auditor General.

The quality of management and quarterly reports submitted in terms of the PFMA and the DoRA was also reviewed.

During the year under review, the Audit Committee reviewed the internal audit reports on audits of the quarterly performance information prepared and issued by the Accounting Officer of the Department.

Evaluation of financial statements

The Audit Committee:

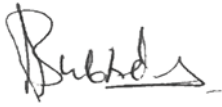
- Reviewed and discussed the unaudited financial statements to be included in the annual report.
- Reviewed the Auditor General management report and management responses to the report.
- Reviewed unaudited financial statements and adjustments made.

Internal audit

The Audit Committee is satisfied that internal audit function is independent, objective and operating effectively and also strives to address the risks pertinent to the department in its audits.

Auditor General South Africa

The Audit Committee met with the Auditor General South Africa to ensure that there were no unresolved issues.



Mr Khulekani Buthelezi
Chairperson: Audit Committee
30 May 2013



HUMAN RESOURCE MANAGEMENT

PART D

1. LEGISLATURE THAT GOVERNS HRM

The following legislation governs HRM in the public service:

- The Public Service Act and Regulations
- The Labour Relations Act
- The Skills Development Act
- The Skills Development Levies Act
- The Employment Equity Act

In addition to the legislation, the following prescripts govern HRM in the public service:

- Collective agreements
- DPSA directives
- DPSA frameworks
- DPSA guidelines

2. INTRODUCTION

The single issue that had the biggest impact on HRM in the year under review was the implementation of a turnaround strategy for the Department. The implementation thereof also resulted in changes to the Department's organisational structure. Staff were migrated to the new structure. After migration, due to a previously existing vacancy rate and moratorium on the filling of posts, as well as an increase in the number of posts on the structure, a number of posts were vacant. The Department has embarked on a recruitment drive to fill 268 posts. A recruitment, selection and retention policy is in place to support these processes and to ensure the attraction of a skilled and capable workforce. There has been a significant reduction in the number of contract appointments, and a greater focus on filling posts according to stipulated requirements.

A further matter that has had a major impact on HRM during this period was the development and approval of a human resource plan, as required in terms of prescripts and by the DPSA.

Much work has been done on reviewing the performance management system and practices in the Department, and also on aligning organisational performance management and individual performance management.

Several programmes and activities linked to employee wellness were conducted. In the coming year, there will be emphasis placed on the development of comprehensive wellness strategies and concomitant policies.

There have been initiatives afoot to create greater alignment between human resource development initiatives and the strategic needs of the Department, for instance by increasingly focusing resources on critical skills required by the Department.

The following matters are amongst the priorities for HRM moving forward:

- Continuing to fill vacancies in line with the HR plan and employment equity plan.
- The continued alignment of human resource development activities with critical competencies.
- The establishment of comprehensive integrated employee wellness strategies, policies and programmes.
- The conclusion of the review of performance management in the Department.

3.. HUMAN RESOURCE OVERSIGHT STATISTICS

3.1. Personnel-related expenditure

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
Administration	173 002	80 421	0	0	46,5	123	655
Housing delivery support	0	0	0	0	0	0	655
Housing development finance	23 993 337	34 841	0	0	0,1	53	655
Housing plan and delivery support	142 870	67 249	0	0	47,1	103	655
Housing policy research and monitor	32 126	19 769	0	0	61,5	30	655
Housing policy research and plan	0	0	0	0	0	0	655
Strategic relation and governance	153 679	47 555	0	0	30,9	73	655
Total as on financial systems (BAS)	24 495 014	249 835	0	0	1	381	655

Personnel costs by salary band

Salary band	Compensation of employees cost	Percentage of total personnel cost for department	Average compensation cost per employee (r)	Total personnel cost for department including goods and transfers	Number of employees
	(R'000)				
Lower skilled (Levels 1-2)	2 954	1,2	113 615	252 720	26
Skilled (Levels 3-5)	10 430	4,1	146 901	252 720	71
Highly skilled production (Levels 6-8)	44 987	17,8	257 069	252 720	175
Highly skilled supervision (Levels 9-12)	105 223	41,6	469 746	252 720	224
Senior management (Levels 13-16)	58 713	23,2	876 313	252 720	67
Contract (Levels 1-2)	1 760	0,7	220 000	252 720	8
Contract (Levels 3-5)	1 399	0,6	99 929	252 720	14
Contract (Levels 6-8)	5 886	2,3	127 957	252 720	46
Contract (Levels 9-12)	6 517	2,6	434 467	252 720	15
Contract (Levels 13-16)	10 986	4,3	1 220 667	252 720	9
TOTAL	248 855	98,5	379 931	252 720	655

Salaries, overtime, home owners allowance and medical aid by programme

Programme	Salaries (R'000)	Salaries as percentage of personnel cost	Overtime (R'000)	Overtime as percentage of personnel cost	Hoa (R'000)	Hoa as percentage of personnel cost	Medical assistance (R'000)	Medical assistance as percentage of personnel cost	Total personnel cost per programme (R'000)
Administration	62 357	76,9	450	0,6	2 441	3	2 926	3,6	81 052
Housing policy research and monitoring	15 723	75,5	26	0,1	487	2,3	617	3	20 825
Housing planning and delivery support	50 260	75,5	129	0,2	1 592	2,4	2 041	3,1	66 556
Housing development finance	25 010	73,3	958	2,8	945	2,8	1 486	4,4	34 120
Strategic relations and governance	39 268	78,3	209	0,4	987	2	1 526	3	50 168
TOTAL	192 618	76,2	1 772	0,7	6 452	2,6	8 596	3,4	252 721

Salaries, overtime, home owners allowance and medical aid by salary band

Salary band	Salaries	Salaries as percentage of personnel cost	Overtime	Overtime as percentage of personnel cost	Hoa	Hoa as percentage of personnel cost	Medical assistance	Medical assistance as percentage of personnel cost	Total personnel cost per programme
	(R'000)		(R'000)		(R'000)		(R'000)		(R'000)
Lower skilled (Levels 1-2)	1 833	62	25	0,8	240	8,1	379	12,8	2 957
Skilled (Levels 3-5)	6 829	65,3	276	2,6	654	6,3	970	9,3	10 462
Highly skilled production (Levels 6-8)	30 955	68,4	851	1,9	1 678	3,7	3 328	7,4	45 225
Highly skilled supervision (Levels 9-12)	80 413	75,2	457	0,4	1 868	1,7	3 219	3	106 956
Senior management (Levels 13-16)	47 226	78,5	0	0	2 011	3,3	699	1,2	60 183
Contract (Levels 1-2)	1 714	95,6	46	2,6	0	0	0	0	1 792
Contract (Levels 3-5)	1 319	94,1	63	4,5	0	0	0	0	1 402
Contract (Levels 6-8)	5 746	97,1	48	0,8	0	0	0	0	5 918
Contract (Levels 9-12)	6 050	91	5	0,1	0	0	0	0	6 650
Contract (Levels 13-16)	10 530	94,2	0	0	0	0	0	0	11 177
TOTAL	192 615	76,2	1 771	0,7	6 451	2,6	8 595	3,4	252 722

3.2. Employment and vacancies

Employment and vacancies by programme at end of period

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administration, Permanent	283	244	13.8	42
Housing policy research and monitoring, Permanent	61	36	41	2
Housing planning and delivery support, Permanent	216	151	30.1	12
Housing development finance, Permanent	126	103	18.3	12
Strategic relations and governance, Permanent	154	121	21.4	11
TOTAL	840	655	22	79

Employment and vacancies by salary band at end of period

Salary band	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1–2), Permanent	27	26	3.7	0
Skilled (Levels 3–5), Permanent	99	71	28.3	3
Highly skilled production (Levels 6–8), Permanent	225	175	22.2	9
Highly skilled supervision (Levels 9–12), Permanent	314	224	28.7	10
Senior management (Levels 13–16), Permanent	83	67	19.3	0
Contract (Levels 1–2), Permanent	8	8	0	8
Contract (Levels 3–5), Permanent	14	14	0	13
Contract (Levels 6–8), Permanent	46	46	0	28
Contract (Levels 9–12), Permanent	15	15	0	6
Contract (Levels 13–16), Permanent	9	9	0	2
TOTAL	840	655	22	79

Employment and vacancies by critical occupation at end of period

Critical occupation	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administrative, Permanent	154	101	34.4	1
Agriculture related, Permanent	1	1	0	0
Civil engineering technicians, Permanent	3	3	0	0
Cleaners in offices workshops, hospitals, etc., Permanent	25	25	0	0
Client information clerks (switchboard, reception), Permanent	11	8	27.3	0
Communication and information related, Permanent	6	6	0	0
Community development workers, Permanent	4	4	0	0
Custodian personnel, Permanent	1	1	0	0
Economists, Permanent	51	28	45.1	0
Engineering sciences related, Permanent	3	3	0	0
Engineers and related professionals, Permanent	15	11	26.7	0
Finance and economics related, Permanent	37	30	18.9	2
Financial and related professionals, Permanent	14	13	7.1	3
Financial clerks and credit controllers, Permanent	63	53	15.9	18
Food services aids and waiters, Permanent	7	6	14.3	0
General legal administration and related professionals, Permanent	7	4	42.9	0
Geologists geophysicists hydrologists and related professionals, Permanent	1	1	0	0
Head of department/chief executive officer, Permanent	1	1	0	0
Household food and laundry services related, Permanent	5	4	20	3
Housekeepers laundry and related workers, Permanent	1	1	0	0
Human resources and organisation development and related professionals, Permanent	24	23	4.2	7
Human resources clerks, Permanent	25	24	4	8

Critical occupation	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Human resources related, Permanent	8	6	25	0
Language practitioners interpreters and other communication, Permanent	1	1	0	0
Legal related, Permanent	2	2	0	0
Librarians and related professionals, Permanent	1	1	0	0
Library mail and related clerks, Permanent	45	42	6.7	21
Light vehicle drivers, Permanent	1	1	0	0
Logistical support personnel, Permanent	64	52	18.8	7
Material-recording and transport clerks, Permanent	20	17	15	0
Medical research and related professionals, Permanent	1	1	0	0
Messengers porters and deliverers, Permanent	10	7	30	0
Natural sciences related, Permanent	1	1	0	0
Other administrative related clerks and organisers, Permanent	28	24	14.3	0
Other administrative policy and related officers, Permanent	3	2	33.3	0
Other information technology personnel, Permanent	11	10	9.1	0
Other occupations, Permanent	5	5	0	0
Risk management and security services, Permanent	3	0	100	0
Secretaries and other keyboard operating clerks, Permanent	74	59	20.3	6
Security guards, Permanent	3	3	0	0
Security officers, Permanent	21	18	14.3	1
Senior managers, Permanent	72	45	37.5	2
Social sciences related, Permanent	6	6	0	0
Trade/industry advisers and other related professionals, Permanent	1	1	0	0
TOTAL	840	655	22	79

3.3. Job evaluation

Salary band	Number of posts	Number of jobs evaluated	Percentage of posts evaluated	Number of posts upgraded	Percentage of upgraded posts evaluated	Number of posts downgraded	Percentage of downgraded posts evaluated
Lower skilled (Levels 1-2)	27	0	0	0	0	0	0
Contract (Levels 1-2)	8	0	0	0	0	0	0
Contract (Levels 3-5)	14	0	0	0	0	0	0
Contract (Levels 6-8)	46	0	0	0	0	0	0
Contract (Levels 9-12)	15	0	0	0	0	0	0
Contract (Band A)	5	0	0	0	0	0	0
Contract (Band C)	1	0	0	0	0	0	0
Contract (Band D)	3	0	0	0	0	0	0
Skilled (Levels 3-5)	99	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	225	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	314	0	0	0	0	0	0
Senior Management Service Band A	51	0	0	0	0	0	0
Senior Management Service Band B	25	0	0	0	0	0	0
Senior Management Service Band C	5	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
TOTAL	840	0	0	0	0	0	0

Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability	0	0	0	0	0

Employees whose salary level exceeds the grade determined by job evaluation [i.t.o PSR 1.V.C.3]

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	Number of employees in Department
xxx	0	xxx	xxx	xxx	
xxx	0	xxx	xxx	xxx	
Total	0				
Percentage of Total Employment	0				0

Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability	0	0	0	0	0

3.4. Employment changes

Annual turnover rates by salary band

Salary band	Employment at beginning of period (april 2012)	Appointments	Terminations	Turnover rate
Lower skilled (Levels 1-2), Permanent	26	0	0	0
Skilled (Levels 3-5), Permanent	68	2	3	4,4
Highly skilled production (Levels 6-8), Permanent	175	3	5	2,9
Highly skilled supervision (Levels 9-12), Permanent	233	2	11	4,7
Senior Management Service Band A, Permanent	39	1	0	0
Senior Management Service Band B, Permanent	20	0	1	5
Senior Management Service Band C, Permanent	4	0	0	0
Senior Management Service Band D, Permanent	2	0	0	0
Contract (Levels 1-2), Permanent	37	4	14	37,8
Contract (Levels 3-5), Permanent	10	7	8	80
Contract (Levels 6-8), Permanent	35	14	12	34,3
Contract (Levels 9-12), Permanent	17	1	5	29,4
Contract (Band A), Permanent	7	0	1	14,3
Contract (Band C), Permanent	1	0	0	0
Contract (Band D), Permanent	2	1	0	0
TOTAL	676	35	60	8,9

Annual turnover rates by critical occupation

Occupation	Employment at beginning of period (April 2012)	Appointments	Terminations	Turnover rate
Administrative, Permanent	102	1	9	8,8
Agriculture related, Permanent	1	0	0	0
Civil engineering technicians, Permanent	3	0	0	0
Cleaners in offices workshops, hospitals, etc., Permanent	26	0	0	0
Client information clerks (switchboard, reception), Permanent	8	1	4	50
Communication and information related, Permanent	8	0	1	12,5
Community development workers, Permanent	6	0	0	0
Custodian personnel, Permanent	1	0	0	0
Economists, Permanent	33	0	3	9,1
Engineering sciences related, Permanent	3	0	0	0
Engineers and related professionals, Permanent	13	0	1	7,7
Finance and economics related, Permanent	36	0	1	2,8
Financial and related professionals, Permanent	9	1	2	22,2
Financial clerks and credit controllers, Permanent	43	7	10	23,3
Food services aids and waiters, Permanent	6	0	0	0
General legal administration and related professionals, Permanent	5	0	0	0
Geologists geophysicists hydrologists and related professionals, Permanent	1	0	0	0
Head of department/chief executive officer, Permanent	1	0	0	0
Household food and laundry services related, Permanent	5	0	1	20
Housekeepers laundry and related workers, Permanent	1	0	0	0
Human resources and organisation development and related professionals, Permanent	24	0	0	0
Human resources clerks, Permanent	56	4	18	32,1
Human resources related, Permanent	6	0	0	0

Occupation	Employment at beginning of period (April 2012)	Appointments	Terminations	Turnover rate
Language practitioners interpreters and other communication, Permanent	1	0	0	0
Legal related, Permanent	2	0	0	0
Librarians and related professionals, Permanent	1	0	0	0
Library mail and related clerks, Permanent	27	12	1	3,7
Light vehicle drivers, Permanent	1	0	0	0
Logistical support personnel, Permanent	39	2	1	2,6
Material-recording and transport clerks, Permanent	14	1	0	0
Medical research and related professionals, Permanent	1	0	0	0
Messengers porters and deliverers, Permanent	7	0	0	0
Natural sciences related, Permanent	1	0	0	0
Other administrative related clerks and organisers, Permanent	34	0	0	0
Other administrative policy and related officers, Permanent	3	0	0	0
Other information technology personnel, Permanent	10	0	1	10
Other occupations, Permanent	5	1	1	20
Risk management and security services, Permanent	1	0	0	0
Secretaries and other keyboard operating clerks, Permanent	56	3	4	7,1
Security guards, Permanent	3	0	0	0
Security officers, Permanent	18	0	1	5,6
Senior managers, Permanent	46	2	1	2,2
Social sciences related, Permanent	8	0	0	0
Trade/industry advisers and other related professionals, Permanent	1	0	0	0
TOTAL	676	35	60	8,9

Reasons why staff are leaving the Department

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total	Total employment
Resignation, Permanent	26	43,3	3,8	60	676
Expiry of contract, Permanent	32	53,3	4,7	60	676
Transfers, Permanent	2	3,3	0,3	60	676
TOTAL	60	100	8,9	60	676

Resignations as percentage of employment

	8,9
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Granting of employee-initiated severance packages

Category	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower Skilled (Salary Level 1-2)	0	0	0	0
Skilled (Salary Level 3-5)	0	0	0	0
Highly Skilled Production (Salary Level 6-8)	0	0	0	0
Highly Skilled Production (Salary Level 9-12)	0	0	0	0
Senior Management (Salary Level 13 and higher)	0	0	0	0
Total	0	0	0	0

Promotions by critical occupation

Occupation	Employment at beginning of period (April 2012)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Administrative	102	2	2	73	71.6
Agriculture related	1	0	0	0	0
Civil engineering technicians	3	0	0	2	66.7
Cleaners in offices workshops, hospitals, etc.	26	0	0	19	73.1
Client information clerks (switchboard, reception)	8	0	0	6	75
Communication and information related	8	0	0	5	62.5
Community development workers	6	0	0	2	33.3
Custodian personnel	1	0	0	1	100
Economists	33	0	0	25	75.8
Engineering sciences related	3	0	0	3	100
Engineers and related professionals	13	1	7.7	6	46.2
Finance and economics related	36	1	2.8	23	63.9
Financial and related professionals	9	2	22.2	5	55.6
Financial clerks and credit controllers	43	1	2.3	27	62.8
Food services aids and waiters	6	0	0	4	66.7
General legal administration and related professionals	5	0	0	2	40
Geologists geophysicists hydrologists and related professionals	1	0	0	0	0
Head of department/chief executive officer	1	0	0	0	0
Household food and laundry services related	5	0	0	1	20
Housekeepers laundry and related workers	1	0	0	0	0
Human resources and organisation development and related professionals	24	1	4.2	14	58.3
Human resources clerks	56	1	1.8	13	23.2

Occupation	Employment at beginning of period (April 2012)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Human resources related	6	0	0	4	66.7
Language practitioners interpreters and other communication	1	0	0	1	100
Legal related	2	0	0	1	50
Librarians and related professionals	1	0	0	1	100
Library mail and related clerks	27	1	3.7	6	22.2
Light vehicle drivers	1	0	0	1	100
Logistical support personnel	39	0	0	41	105.1
Material-recording and transport clerks	14	2	14.3	11	78.6
Medical research and related professionals	1	0	0	0	0
Messengers porters and deliverers	7	0	0	5	71.4
Natural sciences related	1	0	0	0	0
Other administrative related clerks and organisers	34	0	0	19	55.9
Other administrative policy and related officers	3	0	0	0	0
Other information technology personnel	10	0	0	7	70
Other occupations	5	0	0	2	40
Risk management and security services	1	0	0	0	0
Secretaries and other keyboard operating clerks	56	0	0	37	66.1
Security guards	3	0	0	1	33.3
Security officers	18	2	11.1	14	77.8
Senior managers	46	2	4.3	21	45.7
Social sciences related	8	0	0	5	62.5
Trade/industry advisers and other related professionals	1	0	0	1	100
TOTAL	676	16	2.4	409	60.5

Promotions by salary band

Salary band	Employment at beginning of period (April 2012)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Lower skilled (Levels 1-2), Permanent	26	0	0	19	73.1
Skilled (Levels 3-5), Permanent	68	3	4.4	46	67.6
Highly skilled production (Levels 6-8), Permanent	175	1	0.6	147	84
Highly skilled supervision (Levels 9-12), Permanent	233	8	3.4	154	66.1
Senior management (Levels 13-16), Permanent	65	4	6.2	43	66.2
Contract (Levels 1-2), Permanent	37	0	0	0	0
Contract (Levels 3-5), Permanent	10	0	0	0	0
Contract (Levels 6-8), Permanent	35	0	0	0	0
Contract (Levels 9-12), Permanent	17	0	0	0	0
Contract (Levels 13-16), Permanent	10	0	0	0	0
TOTAL	676	16	2.4	409	60.5

3.5. Employment equity

Total number of employees (including employees with disabilities) per occupational category

Occupational category	Male, African	Male, Coloured	Male, Indian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Black	Female, White	Total
Legislators, senior officials and managers, Permanent	22	1	2	25	3	14	2	2	18	2	48
Professionals, Permanent	67	1	2	70	5	65	3	0	68	9	152
Technicians and associate professionals, Permanent	73	2	1	76	3	68	2	5	75	5	159
Clerks, Permanent	60	3	0	63	2	136	9	5	150	13	228
Service and sales workers, Permanent	14	0	0	14	0	11	0	1	12	0	26
Plant and machine operators and assemblers, Permanent	1	0	0	1	0	0	0	0	0	0	1
Elementary occupations, Permanent	12	0	0	12	1	26	1	0	27	1	41
TOTAL	249	7	5	261	14	320	17	13	350	30	655

Occupational category	Male, African	Male, Coloured	Male, Indian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Black	Female, White	Total
Employees with disabilities	1	0	0	1	0	0	0	1	1	0	2

Total number of employees (including employees with disabilities) per occupational bands

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Black	Female, White	Total
Top management, Permanent	2	0	1	3	0	3	0	1	4	0	7
Senior management, Permanent	30	1	2	33	5	14	2	1	17	5	60
Professionally qualified and experienced specialists and mid-management, Permanent	96	2	2	100	5	98	4	5	107	12	224
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	48	2	0	50	2	102	5	5	112	11	175
Semi-skilled and discretionary decision making, Permanent	28	0	0	28	1	40	1	1	42	0	71
Unskilled and defined decision-making, Permanent	6	0	0	6	0	19	1	0	20	0	26
Contract (Top management), Permanent	3	0	0	3	0	0	1	0	1	0	4
Contract (Senior management), Permanent	2	0	0	2	1	2	0	0	2	0	5
Contract (Professionally qualified), Permanent	7	0	0	7	0	8	0	0	8	0	15
Contract (Skilled technical), Permanent	22	2	0	24	0	18	3	0	21	1	46
Contract (Semi-skilled), Permanent	3	0	0	3	0	10	0	0	10	1	14
Contract (Unskilled), Permanent	2	0	0	2	0	6	0	0	6	0	8
TOTAL	249	7	5	261	14	320	17	13	350	30	655

Recruitment

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Black	Female, White	Total
Senior management, Permanent	0	0	0	0	0	1	0	0	1	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	0	1	0	1	0	0	1	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	2	0	0	2	0	1	0	0	1	0	3
Semi-skilled and discretionary decision making, Permanent	0	0	0	0	0	2	0	0	2	0	2
Contract (Top management), Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (Skilled technical), Permanent	4	2	0	6	0	7	0	0	7	1	14
Contract (Semi-skilled), Permanent	0	0	0	0	0	6	0	0	6	1	7
Contract (Unskilled), Permanent	1	0	0	1	0	3	0	0	3	0	4
TOTAL	9	2	0	11	0	22	0	0	22	2	35

	Male, African	Male, Coloured	Male, Indian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Black	Female, White	Total
Employees with disabilities	No data										

Promotions

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Black	Female, White	Total
Top management, Permanent	0	0	0	0	0	1	0	0	1	0	1
Senior management, Permanent	19	1	2	22	5	11	2	1	14	5	46
Professionally qualified and experienced specialists and mid-management, Permanent	63	0	2	65	1	80	3	3	86	10	162
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	42	2	0	44	2	86	5	3	94	8	148
Semi-skilled and discretionary decision making, Permanent	19	0	0	19	1	28	0	1	29	0	49
Unskilled and defined decision making, Permanent	5	0	0	5	0	13	1	0	14	0	19
TOTAL	148	3	4	155	9	219	11	8	238	23	425

Employees with disabilities	Male, African	Male, Coloured	Male, Indian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Black	Female, White	Total
Employees with disabilities	1	0	0	1	0	0	0	0	0	0	1

Terminations

Occupational band	Male, African	Male, Coloured	Male, Indian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Black	Female, White	Total
Senior management, Permanent	0	0	0	0	0	1	0	0	1	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	4	0	0	4	0	6	0	1	7	0	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	1	0	0	1	0	3	0	0	3	1	5
Semi-skilled and discretionary decision making, Permanent	1	0	0	1	0	2	0	0	2	0	3
Contract (Senior management), Permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (Professionally qualified), Permanent	1	0	0	1	0	3	0	0	3	1	5
Contract (Skilled technical), Permanent	5	0	0	5	0	7	0	0	7	0	12
Contract (Semi-skilled), Permanent	2	0	0	2	0	6	0	0	6	0	8
Contract (Unskilled), Permanent	4	0	0	4	0	10	0	0	10	0	14
TOTAL	18	0	0	18	0	39	0	1	40	2	60

	Male, African	Male, Coloured	Male, Indian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Black	Female, White	Total
Employees with disabilities	No data										

Disciplinary action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Black	Female, White	Total
Progressive discipline	3	0	0	3	1						
Formal discipline	4	0	0	4	0	0	0	0	0	0	4
TOTAL	7	0	0	7	1	5	0	0	5	0	13

Skills development

Occupational Category	Male, African	Male, Coloured	Male, Indian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Black	Female, White	Total
Legislators, senior officials and managers	2	0	1	3	0	0	0	1	1	2	6
Professionals	43	0	0	43	0	62	2	0	64	3	110
Technicians and associate professionals	58	0	0	58	0	85	2	0	87	2	147
Clerks	3	0	0	3	0	4	0	0	4	0	7
Service and sales workers	106	0	1	107	0	151	4	1	156	7	270
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	2	0	1	3	0	0	0	1	1	2	6
Plant and machine operators and assemblers	43	0	0	43	0	62	2	0	64	3	110
Elementary occupations	58	0	0	58	0	85	2	0	87	2	147
TOTAL	3	0	0	3	0	4	0	0	4	0	7
Employees with disabilities	106	0	1	107	0	151	4	1	156	7	270

3.6. Performance rewards by race, gender and disability

Demographics	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African, Female	201	320	62,8	2 127	10 581
African, Male	121	248	48,8	1 329	10 982
Asian, Female	9	12	75	80	8 943
Asian, Male	3	5	60	67	22 370
Coloured, Female	10	17	58,8	129	12 916
Coloured, Male	1	7	14,3	5	4 712
Total Black, Female	220	349	63	2 336	10 620
Total Black, Male	125	260	48,1	1 401	11 205
White, Female	24	30	80	451	18 774
White, Male	8	14	57,1	145	18 094
Employees with a disability	1	2	50	12	12 099
TOTAL	378	655	57,7	4 344	11 493

Performance rewards by salary band for personnel below senior management service

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Lower skilled (Levels 1-2)	23	26	88,5	82	3 565
Skilled (Levels 3-5)	46	71	64,8	192	4 174
Highly skilled production (Levels 6-8)	129	175	73,7	1 002	7 767
Highly skilled supervision (Levels 9-12)	156	224	69,6	2 224	14 256
Contract (Levels 1-2)	0	8	0	0	0
Contract (Levels 3-5)	1	14	7,1	4	4 000
Contract (Levels 6-8)	1	46	2,2	6	6 000
Contract (Levels 9-12)	2	15	13,3	21	10 500
TOTAL	358	579	61,8	3 531	9 863

Performance rewards by critical occupation

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Administrative	66	101	65,3	974	14 758
Agriculture related	1	1	100	10	10 000
Civil engineering technicians	2	3	66,7	15	7 500
Cleaners in offices workshops, hospitals, etc.	22	25	88	76	3 455
Client information clerks (switchboard, reception)	6	8	75	32	5 333
Communication and information related	6	6	100	84	14 000
Community development workers	3	4	75	32	10 667
Custodian personnel	1	1	100	9	9 000
Economists	20	28	71,4	370	18 500
Engineering sciences related	2	3	66,7	58	29 000
Engineers and related professionals	8	11	72,7	141	17 625
Finance and economics related	22	30	73,3	279	12 682
Financial and related professionals	9	13	69,2	82	9 111
Financial clerks and credit controllers	21	53	39,6	182	8 667
Food services aids and waiters	5	6	83,3	24	4 800
General legal administration and related professionals	2	4	50	27	13 500
Geologists geophysicists hydrologists and related professionals	0	1	0	0	0
Head of department/chief executive officer	0	1	0	0	0
Household food and laundry services related	1	4	25	8	8 000
Housekeepers laundry and related workers	1	1	100	3	3 000
Human resources and organisation development and related professionals	12	23	52,2	184	15 333
Human resources clerks	12	24	50	109	9 083
Human resources related	3	6	50	39	13 000

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Language practitioners interpreters and other communication	0	1	0	0	0
Legal related	2	2	100	80	40 000
Librarians and related professionals	1	1	100	5	5 000
Library mail and related clerks	9	42	21,4	82	9 111
Light vehicle drivers	1	1	100	3	3 000
Logistical support personnel	30	52	57,7	187	6 233
Material-recording and transport clerks	11	17	64,7	88	8 000
Medical research and related professionals	0	1	0	0	0
Messengers porters and deliverers	4	7	57,1	20	5 000
Natural sciences related	0	1	0	0	0
Other administrative related clerks and organisers	18	24	75	177	9 833
Other administrative policy and related officers	0	2	0	0	0
Other information technology personnel	7	10	70	90	12 857
Other occupations	2	5	40	66	33 000
Risk management and security services	38	59	64,4	305	8 026
Secretaries and other keyboard operating clerks	3	3	100	14	4 667
Security guards	14	18	77,8	49	3 500
Security officers	8	45	17,8	326	40 750
Senior managers	5	6	83,3	113	22 600
Social sciences related	0	1	0	0	0
Trade/industry advisers and other related professionals	378	655	57,7	4 343	11 489

Performance related rewards (cash bonus) by salary band for senior management service

SMS band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)	Percentage of SMS wage bill	Personnel cost SMS (R'000)
Band A	12	44	27,3	487	40 583	1,3	36 357
Band B	4	21	19	163	40 750	0,8	20 620
Band C	1	6	16,7	41	41 000	0,7	6 270
Band D	0	5	0	0	0	0	0
TOTAL	17	76	22,4	691	40 647,1	1,1	63 247

3.7. Foreign workers by salary band

Salary band	Employment at beginning period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Senior management (Levels 13–16)	1	100	1	100	0	0	1	1	0
TOTAL	1	100	1	100	0	0	1	1	0

Foreign workers by major occupation

Major occupation	Employment at beginning period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Professionals and managers	1	100	1	100	0	0	1	1	0
TOTAL	1	100	1	100	0	0	1	1	0

3.8. Sick leave for January 2012 to December 2012

Salary band	Total days	Percentage of days with medical certification	Number of employees using sick leave	Percentage of total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of employees using sick leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	169	89,9	17	3,5	10	43	492	152
Skilled (Levels 3-5)	387	86	59	12	7	145	492	333
Highly skilled production (Levels 6-8)	1 061	78	133	27	8	687	492	828
Highly skilled supervision (Levels 9-12)	1 117	79,7	170	34,6	7	1 611	492	890
Senior management (Levels 13-16)	307	84,7	42	8,5	7	948	492	260
Contract (Levels 1-2)	62	56,5	17	3,5	4	12	492	35
Contract (Levels 3-5)	37	37,8	11	2,2	3	15	492	14
Contract (Levels 6-8)	114	71,1	27	5,5	4	60	492	81
Contract (Levels 9-12)	34	64,7	11	2,2	3	48	492	22
Contract (Levels 13-16)	18	66,7	5	1	4	62	492	12
TOTAL	3 306	79,5	492	100	7	3 631	492	2 627

Disability leave (temporary and permanent) for January 2012 to December 2012

Salary band	Total days	Percentage of days with medical certification	Number of employees using disability leave	Percentage of total employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of employees using disability leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	39	100	4	26.7	10	10	39	15
Skilled (Levels 3-5)	31	100	1	6.7	31	10	31	15
Highly skilled production (Levels 6-8)	60	100	4	26.7	15	41	60	15
Highly skilled supervision (Levels 9-12)	81	100	5	33.3	16	94	81	15
Senior management (Levels 13-16)	20	100	1	6.7	20	42	20	15
TOTAL	231	100	15	100	15	197	231	15

Annual leave for January 2012 to December 2012

Salary band	Total days taken	Average days per employee	Number of employees who took leave
Lower skilled (Levels 1-2)	542	21	26
Skilled (Levels 3-5)	1 524	21	74
Highly skilled production (Levels 6-8)	3 768,92	21	178
Highly skilled supervision (Levels 9-12)	5 042,84	21	238
Senior management (Levels 13-16)	1 425	20	70
Contract (Levels 1-2)	201	10	20
Contract (Levels 3-5)	125	8	15
Contract (Levels 6-8)	468	9	51
Contract (Levels 9-12)	257	15	17
Contract (Levels 13-16)	105	12	9
TOTAL	13 458,76	19	698

Capped leave for January 2012 to December 2012

Salary band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2012	Number of Employees who took capped leave	Total number of capped leave available at 31 December 2012	Number of employees as at 31 December 2012
Highly skilled production (Levels 6-8)	1	1	51	1	1 440	28
Highly skilled supervision (Levels 9-12)	45	11	37	4	2 164	59
Senior management (Levels 13-16)	8	8	60	1	1 799	30
TOTAL	54	9	46	6	5 403	117

Leave payouts

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Leave payout for 2012/13 due to non-utilisation of leave for the previous cycle	45	2	22 500
Capped leave payouts on termination of service for 2012/13	530	23	23 043
Current leave payout on termination of service for 2012/13	0	10	0
TOTAL	575	35	16 429

Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
None	None
None	None

3.9. Details of health promotion and HIV/AIDS programme

Question	Yes/No	Details, if yes
Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide their name and position	Yes	Ms Palesa Mokalapa, Director Transformation
Does the Department have a dedicated unit or have you designated specific staff members to promote health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose	Yes	DD EHW and an ASD
Has the Department introduced an employee assistance or health promotion programme for your employees? If so, indicate the key elements/services of the programme	Yes	Short-term counseling for various psychological or social problems to employees and their families; employee orientation services; managerial consultancy and training services; health promotion activities (e.g. wellness day); bereavement, trauma
Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent	No	
Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies and practices so reviewed.	Yes	
Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures	No	
Does the Department encourage its employees to undergo voluntary counseling and testing? If so, list the results that you have achieved	Yes	Short-term counseling for various psychological or social problems to employees and their families; employee orientation services; managerial consultancy and training services; health promotion activities (e.g. wellness day); bereavement, trauma
Has the Department developed measures/indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators	No	

Collective agreements

Subject Matter	Date
None	

3.10. Misconduct and discipline hearings finalised

Outcomes of disciplinary hearings	Number	Percentage of total	Total
Counseling	1		
Not guilty	1		
In progress	1		
TOTAL	3	0	0

Types of misconduct addressed and disciplinary hearings

Type of misconduct	Number	Percentage of total	Total
Progressive	10		
Formal	3		
TOTAL	13	0	0

Grievances lodged

Number of grievances addressed	Number	Percentage of total	Total
Grievances resolved	9		
Grievances in progress	4		
TOTAL	13	0	0

Disputes lodged

Number of disputes addressed	Number	Percentage of total
Upheld	0	0
Dismissed	0	0
In progress	7	
Settled	2	
Concluded	1	
TOTAL	10	

Strike actions

Strike actions	Strike actions
Total number of person working days lost	0
Total cost(R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Precautionary suspensions

Precautionary suspensions	Precautionary suspensions
Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	123
Cost (R'000) of suspensions	311 733

3.11. Training needs identified

Occupational category	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	104	0	52	0	52
	Male	102	0	51	0	51
Professionals	Female	120	0	60	0	60
	Male	74	0	40	0	40
Technicians and associate professionals	Female	140	0	70	0	70
	Male	77	0	39	0	39
Clerks	Female	25	0	10	0	10
	Male	44	0	20	0	20

Occupational category	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Service and sales workers	Female	389	0	192	0	192
	Male	297	0	150	0	150
Skilled agriculture and fishery workers	Female	686	0	342	0	342
	Male	104	0	52	0	52
Craft and related trades workers	Female	102	0	51	0	51
	Male	120	0	60	0	60
Plant and machine operators and assemblers	Female	74	0	40	0	40
	Male	140	0	70	0	70
Elementary occupations	Female	77	0	39	0	39
	Male	25	0	10	0	10
Gender sub totals	Female	44	0	20	0	20
	Male	389	0	192	0	192
TOTAL		297	0	150	0	150

Training provided

Occupational category	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	104	0	5	0	5
	Male	102	0	8	0	8
Professionals	Female	120	0	64	0	64
	Male	74	0	52	0	52

Technicians and associate professionals	Female	140	0	147	0	147
	Male	77	0	93	0	93
Clerks	Female	25	0	8	0	8
	Male	44	0	5	0	5
Service and sales workers	Female	389	0	224	0	224
	Male	297	0	158	0	158
Skilled agriculture and fishery workers	Female	686	0	382	0	382
	Male	104	0	5	0	5
Craft and related trades workers	Female	102	0	8	0	8
	Male	120	0	64	0	64
Plant and machine operators and assemblers	Female	74	0	52	0	52
	Male	140	0	147	0	147
Elementary occupations	Female	77	0	93	0	93
	Male	25	0	8	0	8
Gender sub totals	Female	44	0	5	0	5
	Male	389	0	224	0	224
TOTAL		297	0	158	0	158

3.12. Injury on duty

Nature of injury on duty	Number	Percentage of total
Required basic medical attention only	0	0
Temporary total disablement	7	100
Permanent disablement	0	0
Fatal	0	0
Total	7	

3.13. Report on consultant appointments using appropriated funds

Project title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
xxx	xxx	xxx	xxx

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
xxx	xxx	xxx	xxx

Analysis of consultant appointments using appropriated funds, in terms of Human Development Index (HDI)

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
xxx	xxx	xxx	

Report on consultant appointments using donor funds

Project title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
xxx	xxx	xxx	xxx

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
xxx	xxx	xxx	xxx

Analysis of consultant appointments using donor funds, in terms of HDIs

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
xxx	xxx	xxx	



FINANCIALS

PART E

Part E: Financials

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NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2013

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2013.

Audit Committee members and attendance

The Audit Committee consists of the members listed below and meets at least four times per year, in accordance with its approved terms of reference. During the current financial year, five meetings were held.

Name of member	Number of meetings scheduled	Attended
Mr K Buthelezi (chairperson)	5	5
Mr J Weapond (contract expired 31 December 2012)	4	3
Ms T Moja	5	4
Mr N Monakedi	5	4

Audit Committee responsibility

The Audit Committee reports that it complied with its responsibilities arising from Section 38(1) (a) of the Public Finance Management Act (Act No. 1 of 1999, as amended; PFMA) and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The Department's system of internal controls is adequate. Despite this, the entire risk management process was not effective due to risk owners' lack of commitment. The Audit Committee subsequently tasked management to address the weaknesses identified. Risk assessment was conducted in units independently and risk profiles were consolidated upon completion of units' risk assessment. No enterprise-wide risk assessment was conducted.

The system of internal control was not entirely effective for the year under review. Deficiencies in and/or deviations from the system of internal controls were reported by internal auditors and the Auditor-General.

The quality of management and quarterly reports submitted in terms of the PFMA and the Division of Revenue Act (DoRA) was also reviewed.

During the year under review, the Audit Committee reviewed the internal audit reports on audits of the quarterly performance information prepared and issued by the Accounting Officer of the Department.

During the year under review the Audit Committee reviewed internal audit reports on quarterly performance information prepared by the Department, and recommendations were made for improvements, which the Accounting Officer undertook to address.

Matters of concern

The following matters were noted by the Audit Committee as matters of concern:

- Ineffectiveness of risk management within the Department.
 - Ineffective IT environment.
 - Lack of improvement on pre-determined objectives.
 - Performance and under-spending on Rural Household Infrastructure Grant.
- The Audit Committee has tasked management to put in corrective measures to address the above matters.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2013**

Evaluation of financial statements

The Audit Committee:

- Reviewed and discussed the audited and adjusted financial statements to be included in the annual report.
- Reviewed the Auditor-General management report and management responses to the report.
- Reviewed audited financial statements and adjustments made.

Changes to accounting policies

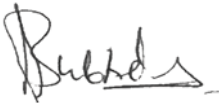
The Audit Committee noted that there were no changes to accounting policies.

Internal audit

The Audit Committee is satisfied that the internal audit function is independent, objective and operating effectively and also strives to address the risks pertinent to the Department in its audits.

Auditor-General South Africa

The Audit Committee met with the Auditor-General South Africa to ensure that there were no unresolved issues.



Mr Khulekani Buthelezi
Chairperson: Audit Committee
31 July 2013

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2013

Report by the Accounting Officer to the Executive Authority and Parliament/Provincial Legislature of the Republic of South Africa.

Report of the Accounting Officer

1. GENERAL FINANCIAL REVIEW

The year under review saw the implementation of the turnaround strategy. One of the critical components of the turnaround strategy is a new organisational structure, which had to be implemented within the confines of the existing budget structure. As a result there was a need during the year to put some measures in place to manage the non-alignment between the budget structure and the new organisational structure. A request by the Department for approval by the National Treasury of a new budget structure aligned to the organisational structure was not successful, which means that the Department must find a way of managing this non-alignment while pursuing the matter further with the National Treasury.

As in previous years some prioritised areas required additional funding and others were reduced. A large percentage of the budget continues to be grants and transfer payments. Due to low performance by provinces, R330.9 mil of the Human Settlement Development Grant was stopped in terms of the Division of Revenue Act and thus not transferred to provinces. The provinces affected by this action were the Eastern Cape (R284.8 mil) and Limpopo (R46 mil). This has increased the amount of unspent funds.

1.1. Spending trends

The level of expenditure was low for most of the financial year. This necessitated various measures to be taken, some of which will only bear fruit in the next financial year. Late start of processes in respect of various programmes and projects, *inter alia*, contributed to the low level of expenditure. More details of the spending trends by programme are given below:

Table 1: Financial performance in summary

Programmes	Total Allocation	Expenditure	Variance	
R'000				
1. Administration	236,106	174,318	61,788	26%
2. Housing Policy, Research and Monitoring	46,719	32,358	14,361	31%
3. Housing Planning and Delivery Support	224,460	143,668	80,792	36%
4. Housing Development Finance	24,440,076	23,958,808	481,268	2%
5. Strategic Relations and Governance	190,444	154,119	36,325	19%
Total	25,137,805	24,463,271	674,533	3%

1.1.1. Programme 1: Administration

The following are the main reasons for under spending:

- Funds provided for the Special Investigation Unit (SIU) were not fully utilised due to delayed invoicing by the SIU.
- Funds provided for the leasing of additional office accommodation have also not been fully utilised. Additional office accommodation was secured but the tenants' installations were not undertaken by the lessor, resulting in the Department not being able to take occupation of the building and thus not paying for the lease.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2013**

- Furthermore the non-filling of vacancies due to a lack of office space resulted in under-expenditure not only on the compensation budget but also on employee related costs.
- Delayed invoicing by SITA for software licences.
- Late commencement of the rectification project.
- Impact of measures instituted to achieve savings.

1.1.2. Programme 2: Housing Policy, Research and Monitoring

The following are the main reasons for under-spending:

- A project called "Design and the determination of the development cost of residential status and typologies to be financed through government's national housing programme" was still in progress at year end.

The following research projects were put on hold pending further consultation with stakeholders:

- The integrated residential development programme: looking back and moving forward.
- The evaluation of provincial and municipal response to the Urban Settlements Development grant.
- A project to conduct household surveys to profile informal settlements targeted for upgrading in the nine provinces.
- Delayed filling of vacant positions.

1.1.3. Programme 3: Housing Planning and Delivery Support

The following are the main reasons for under-spending:

- Delay in the implementation of the National Upgrading Support Programme (NUSP) which takes up 30% of the programme's budget.
- Delayed filling of vacant positions.

1.1.4. Programme 4: Housing Development Finance

The following are the main reasons for under-spending:

- Due to underperformance by two provinces, Eastern Cape and Limpopo, a total of R330,9 mil from the Human Settlements Development Grant was stopped and not transferred to them in terms of the Division of Revenue Act.
- Under-expenditure on computer services reflects the impact of the phasing out of the debtor system.
- Underperformance of the Rural Household Infrastructure Program.

1.1.5. Programme 5: Strategic Relations and Governance

The following are the main reasons for under-spending:

- Media campaigns for which service providers were appointed at year end: only part of the work was concluded by the service provider.
- Inability of SITA to provide resources at an adequate level to maintain the Housing Subsidy System (HSS) as stipulated in the SLA. SITA could only provide limited resources resulting in under-spending.

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1.2. Virements

1.2.1 Virements that were approved after the adjustment estimate:

Table 2: Details of virements after adjustment estimate

Originating programme	Receiving programme	Amount	Reason	Approved by
		R' 000		
Programme 3	Programme 5	12,000	To fund multimedia campaigns held as part of the various housing handovers throughout the country and various other activities, such as builds undertaken and mass media buying.	Department
Programme 1	Programme 5	20,500	To partially fund the Servcon closure costs.	Department

2. SERVICES RENDERED BY THE DEPARTMENT

2.1. The Department does not render any direct services to the public.

2.2. Tariff policy

As previously indicated, the Department does not render any direct services to the public and therefore does not have any tariff policy.

2.3. Free services

No free services were rendered by the Department to the public during the year under review and none are planned for the foreseeable future.

3. CAPACITY CONSTRAINTS

The Department embarked on a turnaround process during the previous financial year. This necessitated a moratorium on filling of non-critical positions and thus impacted on the Department's capacity. This year was the year of implementing the turnaround strategy; hence the Department embarked on a recruitment drive to fill vacant positions.

4. UTILISATION OF DONOR FUNDING

There was no donor funding received during the financial year.

5. TRADING ENTITIES AND PUBLIC ENTITIES

Trading and public entities reporting to the Minister of Human Settlements are listed below:

5.1. South African Housing Fund

The South African Housing Fund was established for availing funds to provincial governments to finance national and provincial housing programmes in terms of the Housing Act (Act No. 107 of 1997).

The intention was that all funds transferred through the South African Housing Fund be utilised according to prescripts set out in the Housing Code. In addition, funds transferred to the South African Housing Fund had to be distributed to provinces as conditional grants. These provincial allocations were and are still determined according to an allocation formula which is based on a number of factors and is approved by Housing MINMEC.

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Subsequent to the introduction of the Division of Revenue Act, MinMEC, during the 2003/04 financial year approved the disestablishment of the fund as its continued existence was no longer necessary. The fund was subsequently de-listed and its disestablishment will be achieved once the Housing Act is amended or repealed to give effect to the MINMEC decision.

5.2. Servcon

Servcon Housing Solutions (Servcon) was established in 1995 as a result of the Record of Understanding entered into between the Department of Housing (representing government) and the Banking Council (representing participating banks). The company was established in terms of the Companies Act (Act No. 61 of 1973) and was mandated to provide exclusive management services effective from 1 April 1998, with respect to a documented "ring-fenced" portfolio of 33,310 properties comprising properties in possession (PIPs) and non-performing loans (NPLs) worth R1.277 billion for a period of eight years, from 1 April 1998 to 31 March 2006.

In 2006 the shareholders represented by the Banking Council and the Department of Human Settlements parted, in terms of the "Sale of Shares and Claims Agreement". During 2007 the institution undertook to assist provinces through a normalisation and regularisation programme.

The institution ceased operations in September 2009 and is currently in the process of final closure.

Servcon is wholly owned by government and the Managing Director of Servcon is accountable to the Executive Authority of Human Settlements.

5.3. Social Housing Foundation (SHF)

The SHF is a Section 21 company established in 1996. The foundation was established to develop and build capacity for social housing institutions and to develop a policy framework for the social housing sector. It has been providing knowledge management services as well as policy, communication and institutional support to the sector. In addition the foundation has been monitoring and evaluating the social housing sector.

The SHF is in the process of liquidation.

The board of the SHF is accountable to the Executive Authority of Human Settlements.

5.4. National Urban Reconstruction and Housing Agency (NURCHA)

NURCHA was established in terms of Section 3(4)(h) of the Housing Act (Act No. 107 of 1997).

The function of NURCHA is to maximise options for financing the construction of housing and related facilities and infrastructure and to utilise NURCHA's loans to contribute to and support the emergence of new successful, black-owned construction firms.

The accountability between the board of NURCHA and the Executive Authority of Human Settlements is governed by a shareholders' compact.

5.5. National Home Builder's Registration Council (NHBRC)

The NHBRC was established in terms of the Housing Consumers Protection Measures Act (Act No. 95 of 1998).

The function of the NHBRC is to regulate home builders, to provide housing consumers with warranty protection against defects in new homes, and to provide protection against any failure of builders to comply with their obligations in terms of the Act. It provides an exclusive regulatory function in the home building environment.

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The council of the NHBRC is accountable to the Executive Authority of Human Settlements.

5.6. National Housing Finance Corporation (NHFC)

The NHFC was established following a Cabinet decision in May 1996, as envisaged in the White Paper on Housing. The NHFC was established in terms of Section 3(4)(h) of the Housing Act.

The function of the NHFC is to make housing finance accessible and affordable to low- and middle-income households. It searches for new ways of mobilising finance for housing from sources outside the state in partnership with the broadest range of organisations. It also provides wholesale finance and acts as a fund and risk manager.

The board of the NHFC is accountable to the Executive Authority of Human Settlements.

5.7. Thubelisha Homes

Thubelisha Homes was established as a non-profit, special purpose vehicle to create appropriate housing stock for rightsizing the Servcon Housing Solutions portfolio.

The institution ceased operations in July 2009 and has been placed in voluntary liquidation on 29 March 2012. The liquidation of the entity is in progress.

The liquidator is accountable to the Master of the High Court. The accounting officer is accountable to the Executive Authority of Human Settlements.

5.8. Rural Housing Loan Fund (RHLF)

The RHLF is a development finance institution, established in August 1996 as an association not for gain. The function of the RHLF is to empower low-income households in rural areas to access housing credit. It operates as a wholesale lender and thus attains its mandate by providing loans through retail intermediaries to its target market to be utilised for incremental housing purposes.

The accountability between the board of RHLF and the Executive Authority of Human Settlements is governed by a shareholders' compact.

5.9. Housing Development Agency (HAD)

The HDA was established in terms of the Housing Development Agency Act (Act No. 23 of 2008) and began operations in April 2009. The purpose of the agency is to identify, acquire, hold, develop and release state- and privately owned land for residential and community purposes and for the creation of sustainable human settlements.

The functions of the HDA are to:

- Develop a development plan to be approved by the Minister in consultation with the relevant authorities in the provinces and municipalities.
- Develop strategic plans with regard to the identification and acquisition of state, privately and communally owned land that is suitable for residential and community development.
- Prepare necessary documentation for consideration and approval by the relevant authorities as may be required in terms of any other applicable law.
- Monitor progress of the development of land and landed property acquired for the purposes of creating sustainable human settlements.
- Enhance the capacity of organs of state including skills transfer to enable them to meet the demand for housing delivery.
- Ensure that there is collaboration and intergovernmental and integrated alignment for housing development services.

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- Identify, acquire, hold, develop and release state-, privately and communally owned land for residential and community development.
- Undertake such project management services as may be necessary, including assistance relating to approvals required for housing development.
- Contract with any organ of state for the purpose of acquiring available land for residential housing and community development for the creation of sustainable human settlement.
- Assist organs of state in dealing with housing developments that have not been completed within the anticipated project period.
- Assist organs of state with the upgrading of informal settlements.
- Assist organs of state in respect of emergency housing solutions.

The board of the HDA is accountable to the Executive Authority of Human Settlements. A mandate agreement has been concluded between the board and the Executive Authority of Human Settlements in accordance with Section 8 of the Housing Development Agency Act.

5.10. The Social Housing Regulatory Authority (SHRA)

SHRA was established in terms of the Social Housing Act (Act No. 16 of 2008).

The functions of SHRA are to regulate the social housing sector and to support the restructuring of urban spaces through investments in social housing. It is responsible for the disbursement of restructuring capital grants to social housing institutions.

The accountability between the board of the SHRA and the Executive Authority of Human Settlements is governed by a shareholders' compact.

5.11. Estate Agency Affairs Board (EAAB)

The Estate Agency Affairs Act (Act No. 112 of 1976) provides for the establishment of the EAAB. The functions of the board are to regulate, maintain and promote the standard of conduct of estate agents, issue estate agent fidelity fund certificates, prescribe the standard of training of estate agents, investigate complaints lodged against estate agents and manage and control the estate agents fidelity fund.

During the 2012/13 financial year, the Minister of Human Settlements appointed an administrator to stabilise the governance of the entity. The Minister of Human Settlements recently appointed new members to the board. The EAAB is accountable to the Executive Authority of Human Settlements.

5.12. Community Schemes Ombuds Service (CSOS)

The Community Schemes Ombuds Service Act (Act No. 9 of 2011), was promulgated on 11 June 2011 and provides for the establishment of the CSOS as a public entity.

The functions of the CSOS are to:

- Develop and provide dispute resolution in terms of the CSOS Act.
- Provide training for conciliators, adjudicators and other employees of CSOS.
- Regulate, monitor and control quality of schemes governance documentation.
- Take custody of, preserve and provide public access electronically or by other means to schemes governance documentation.

The operationalisation of the CSOS is in progress.

The board of the CSOS is accountable to the Executive Authority of Human Settlements.

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6. ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

The Department transferred funds to the following organisations:

Table 3: Funds transferred

	Organisation	Amount R'000	Remarks
1	Provinces - Human Settlements Development Grant	15,395,032	This is to fund the national and provincial housing programmes.
2	Accredited metros and cities: Urban Settlements Development Grant	7,392,206	This is to fund human settlement related infrastructure development
3	UN Habitat Foundation	1,280	Annual contribution to the forum
4	National Urban Reconstruction and Housing Agency	120,000	This is to fund recapitalisation on entity
5	Social Housing Regulatory Authority: Operational Capital Restructuring Grant	21,096 647,401	In terms of legislation
6	Rural Housing Loan Fund	31,975	In terms of legislation
7	Housing Development Agency	92,336	In terms of legislation
	Total	23,701,325	

7. PUBLIC PRIVATE PARTNERSHIP (PPP)

No public, private, partnership as contemplated in terms of the Treasury regulations is in place.

8. CORPORATE GOVERNANCE ARRANGEMENTS

8.1. Internal audit

The Department has an internal audit function as required by the Public Financial Management Act. The Audit Committee continuously assesses the performance of the Internal Audit Directorate to determine the level of its effectiveness and recommend areas that need improvement. A 360-degree assessment is conducted annually to evaluate the performance of the function. In the year under review internal audit reviews conducted by the Directorate showed that there are adequate systems of control in place, but on certain areas there is a need for improvement. What was raised as a concern is the effectiveness of some of the controls in place. Recommendations were made on weaknesses identified and managers committed to implement agreed action plans.

The Department has an Audit Committee, which operates in accordance with the requirements of the PFMA and Treasury regulations. The Audit Committee was fully effective during the period with regard to its oversight responsibility. Five meetings of the committee were convened during the period under review. The Committee briefed the Executive Authority and also the Human Settlement Portfolio Committee with regard to status of internal control, risk management and governance processes of the Department as part of to its oversight responsibility. A 360-degree evaluation of the performance of the Committee is done annually to assess its performance and measures are put in place to address weakness identified.

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8.2. Risk management

The Department has a Risk Management Unit, which facilitates all risk management activities. It also has a risk management policy and strategy which guides the practices and processes for the implementation of the risk management activities. There is a Risk Management Committee in place whose responsibility is to assist the Accounting Officer in the execution of his risk management responsibilities.

The Committee is composed of executive and non-executive members, including a representative from the Audit Committee and the chairperson, who is a non-executive member. The Committee meets on a quarterly basis to review risk management processes and report to the Audit Committee. The committee held three meetings during the financial year under review. The Department conducted a risk assessment and compiled a risk profile for 2012/13.

8.3. Special investigations

The Department has a Special Investigations Directorate, which is tasked with the implementation of the Public Service Anti-Corruption Strategy (2002). The functions of the Directorate are supported by the fraud prevention plan and whistle-blowing policy, which are reviewed annually and approved for implementation.

The fraud prevention plan identifies high fraud risk areas and stipulates both preventative and reactive measures aimed at reducing/eliminating corrupt and/or fraudulent practices, particularly within the supply chain management and human resources units of the Department. This plan also allocates preventative functions to specific units and recommends the period(s) for conducting and implementing the stipulated measures.

The whistle-blowing policy, on the other hand, promotes the reporting of wrongdoing by employees of the Department and any other person who might have information on planned and/or committed acts of corruption and fraud. The Department issued a circular, which also discourages officials/employees from intimidating potential whistle-blowers.

The Department conducts investigations into the contracting, development and allocation of low-income housing, in partnership with the SIU in terms of Presidential Proclamation R.7 of 2007, which was extended by Proclamation R.35 of 2010 and R.15 of 2012. The objectives of these investigations is "to investigate any fraud, corruption and maladministration in respect of the development and delivery of low-income housing in South Africa, by national and provincial departments, local authorities (and agents) and Housing Development Boards'.

During the year under review the investigations resulted in the following:

- A total amount of R9.8 mil was collected.
- A total of 84 arrests were made.
- A total of 46 convictions were made; 49 cases were postponed.
- A total of 56 DC files were prepared.
- A total of 72 acknowledgments of debts were signed, amounting to R1,187,745.00.

The anti-corruption framework is supported by an extensive anti-corruption programme, which targets human settlements officials/employees in the three tiers of government. These programmes have had a positive impact in the Department's commitment to reduce and/or eliminate corrupt and fraudulent practices within the Department.

8.4. Office of Disclosure

The Office of Disclosure is established in terms of Section 4 of the Home Loan and Mortgage Disclosure Act (Act No. 63 of 2000). Its mandate is to promote fair lending practices, which requires disclosure by financial institutions of information regarding the provision of home loans.

The Office of Disclosure engaged with all affected financial institutions and key stakeholders on matters related to compliance with the Act. Annual return has been developed and implemented by all financial institutions that play a role in granting of housing finance. The draft amendments to the Act have been prepared and forwarded to the state law advisors. Financial institutions have disclosed to the office and an annual report has been prepared for the Minister in terms of the provisions of the Act.

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9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

The South African Housing Fund was de-listed during 2004/05. The delisting of the fund was necessary as the fund is dormant. This is due to the introduction of the Division of Revenue Act, which requires that funds for housing development be transferred from the national vote to the provincial votes through the provincial treasuries.

As a result of a MINMEC decision to disestablish all the funds, a legislative process is underway to:

- Amend or repeal the Housing Act in order to effect alignments between the Housing Act, the Public Finance Management Act and the Division of Revenue Act.
- Disestablish the fund.
- The winding up of Thubelisha Homes, the Social Housing Foundation and Servcon has not been finalised.

10. NEW/PROPOSED ACTIVITIES

There are no new activities under consideration.

11. ASSET MANAGEMENT

The Department's fixed asset register is on the LOGIS system. This system is supplemented by the "e-asset system", which has a bar coding module that assists in managing physical location of assets and facilitating physical verification. The Department's compliance with the asset management reform has been delayed due to capacity constraints. An asset management policy was during the year amended.

12. INVENTORIES

Inventories on hand at year end are disclosed on the financial statements disclosure notes.

13. EVENTS AFTER THE REPORTING DATE

There are no events to be reported.

14. INFORMATION ON PREDETERMINED OBJECTIVES

Section 92 of the Constitution states that "members of the Cabinet are accountable collectively and individually to Parliament for the exercise of their powers and the performance of their functions" and that they must "provide Parliament with full and regular reports concerning matters under their control". Section 133 provides for the accountability of members of the executive council (MECs) of a province to the provincial legislature. Similar arrangements are specified for municipalities in the Municipal Structures Act (Act No. 117 of 1998).

Section 20(2)(c) of the Public Audit Act (Act No. 25 of 2004) requires the Auditor-General's audit reports to reflect an opinion or conclusion on the reported information relating to performance against predetermined objectives of the auditee, which include Constitutional institutions, departments, trading entities, public entities, municipalities and municipal entities, and other institutions as indicated by sections 4(1) and 4(3) of the Act.

Chapter 5, Section 27(4) read with 36(5) of the PFMA requires that the Accounting Officer must establish procedures for quarterly reporting to the Executive Authority to facilitate effective performance monitoring, evaluation and corrective action. The Department is required to report on Departmental performance to the Executing Authority in terms of Section 40 (1)(d) of the PFMA. In terms of the approved macro structure of the Department of Human Settlements (DHS), the Chief Directorate Enterprise Architecture is to oversee the enhancement of DHS operations through effective enterprise architecture services. The Chief Directorate is made up of two units: Enterprise Architecture Establishment and Enablement and Enterprise Architecture Monitoring and Control. The Chief Directorate's mandate is derived from the PFMA, Chapter 2 of the Treasury regulations, guidelines to the Accounting Officers, the public service regulations, Chapter 1 parts (iii) and (vii), and the Constitution (Act No. 108 of 1996) Section 92(3)(a) and (b) and section 133(3).

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The functions of the Enterprise Architecture Monitoring and Control Unit are as follows:

- Develop and review the human settlements enterprise operations performance assessment framework (EOPAF) and policy for monitoring the implementation of the departmental enterprise architecture performance areas.
- Consolidate, evaluate and submit departmental performance reports on the implementation of the departmental strategic and annual performance plans to the Accounting Officer.
- Compile and submit departmental performance reports on EOPAF performance areas to the Accounting Officer.
- Consolidate and compile presentations on the departmental performance for discussion at senior management meetings for decision making in line with the departmental EOPAF) and policy.
- Validation of verification statements for departmental branches against the performance reports and performance agreements of senior managers.

The Directorate is, therefore, responsible for on-going monitoring of departmental programmes' performance and has the prime responsibility of identifying performance problems and making recommendations towards their successful resolution.

The Department is committed to a continuing process of improving organisational performance by maintaining consistent focus on strategic goals, refining the definition and measurement of the outputs, and improving communication of the results of its efforts to the public.

The Enterprise Architecture Monitoring and Control Unit analyses and evaluates the performance of various programmes and sub-programmes in the Department on an annual and quarterly basis. The purpose of such analysis and evaluation is:

- To determine the factual correctness or accuracy of programmes' actual achievements against targets as detailed in the approved branches annual performance plans.
- To determine whether the strategic objectives, outputs and targets as detailed in the departmental annual performance report are the same as those indicated in the approved departmental strategic and performance plans.
- To verify whether the reported actual achievements have been achieved as reported in the performance reports.
- To advise the Director-General on the implementation of the approved departmental strategic and performance plans and performance indicators stated in the estimates of national expenditure (ENE) 2012/13.

This is achieved through the following criteria:

- An assessment of the extent to which the submitted performance reports adhere to guidelines and approved formats and templates for the submission of non-financial performance information quarterly and annually.
- Comparative analysis of the approved departmental strategic and performance plans and the departmental performance reports.
- Comparative analysis of the ENE 2012/13 and the departmental annual performance report 2012/13.
- Verification of the validity, integrity and quality of the performance information as detailed in the departmental performance reports.

The Chief Directorate is, therefore, required to submit the departmental annual performance report to the Accounting Officer on the approved strategy of the Department for approval.

The chief directorate is further required to submit the departmental annual performance evaluation report with recommendations to the Accounting Officer on the overall performance of the Department against planned targets and outputs.

The DHS report on the turnaround strategy has made clear the need for the corporate performance management system. In terms of corporate performance management (CPM), with the government having recently adopted the outcomes-based approach, it is important for the Department to have an effective and efficient CPM framework that is both aligned to and enables the DHS to deliver on its mandate.

15. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTION

There were no resolutions taken by SCOPA in respect of the Department during the year under review. The following prior resolutions have been addressed by the Department as reported in the previous financial year:

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Approval and allocation of housing subsidies at provincial housing departments (2005/06 performance audit report).
Approval of housing subsidies to municipal employees and the administration of low cost housing projects by certain provincial housing departments (2008/09 performance audit report).

16. PRIOR MODIFICATIONS TO AUDIT REPORTS

As part of the strategy to address issues raised by the Auditor-General during the previous financial year, the Department developed an action plan, which was monitored and updated on a monthly basis. The action plan was also submitted to the National Treasury. The table below indicates progress:

Table 4: Prior year Auditor-General report matters

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
<p>1. Treasury regulations The Accounting Officer did not in all instances pay creditors within 30 days of receipt of invoice as required by Treasury Regulation 8.2.3</p>	2010/11	<ul style="list-style-type: none"> Receiving of invoices has been completely centralised and staff have been instructed not receive any invoices, but to refer them to supply chain A circular was sent out warning staff that failure to adhere may result in them facing disciplinary action Workshops were held on a quarterly basis highlighting the process of handling invoices
<p>2. Irregular expenditure Irregular expenditure in the amount of R3 mil was incurred, as proper procurement processes and public service regulations were not followed</p>	2010/11	<ul style="list-style-type: none"> A request for condonation was done Requests for quotations have been amended to include the evaluation criteria. Checklists were amended such that a comprehensive check is done before payments are made or an order is created
<p>3. Material under-spending of the Rural Household Infrastructure Grant The Department materially underspent the budget on Programme 4 (sub-programme Rural Household Infrastructure Development) to the amount of R70,155,000 of a total allocation of R257,508.000</p>	2011/12	<ul style="list-style-type: none"> The Department appointed building contractors in addition to the existing implementing agent
<p>4. Restatement of prior year figures on lease commitments Figures on the financial statements in respect of the period ending 31 March 2012 were reinstated as a result of an error discovered during 2011/12</p>	2011/12	<ul style="list-style-type: none"> The Department has discontinued disclosing contingent liabilities relating to other spheres of government

17. EXEMPTION AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

No exemptions and deviations have been received from the National Treasury.

18. INTERIM FINANCIAL STATEMENTS

The Department submitted all the interim financial statements in terms of the applicable practice note.

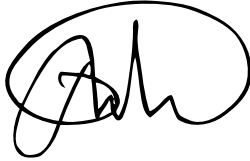
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19. OTHER MATERIAL MATTERS

There are no other material matters to be reported.

20. APPROVAL

The annual financial statements (pages 159–249) have been approved by the Accounting Officer.

A handwritten signature in black ink, consisting of a large, stylized 'Z' followed by a cursive 'ulu'.

T ZULU
DIRECTOR-GENERAL
31 MAY 2013

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2013

Report on the Financial Statements

Introduction

1. I have audited the financial statements of the national Department of Human Settlements (set out on pages 159 to 249), which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The Accounting Officer is responsible for the preparation of these financial statements in accordance with Departmental financial reporting framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa (Act No. 1 of 1999) and the Division of Revenue Act of South Africa (Act No. 5 of 2012) and for such internal control as management determines is 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. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa (Act No. 25 of 2004; PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. 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.

4. 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.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the national Department of Human Settlements as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with the Departmental financial reporting framework prescribed by National Treasury and the requirements of PFMA and DoRA.

Emphasis of matters

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

Significant uncertainties

8. With reference to note 18 to the financial statements, the department has disclosed an amount of R22 413 000 for invoices received from the Department of Public Works (DPW) for office accommodation. The department does not occupy the building; the ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Material underspending of the budget

9. As disclosed in the appropriation statement, the Department has materially under-spent the budget on Programme 4 (sub programme Rural Household Infrastructure Grant) to the amount of R135 059 000 on a total adjusted budget of R340 625 000. Of the amount spent, R126 011 000 related to payments made in the last month. As a consequence, the department has not achieved certain of its objectives to provide sanitation services to the rural communities.

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Additional matters

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

Unaudited supplementary schedules

10. The supplementary information set out on pages 217 to 249 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Financial reporting framework

11. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on the compliance framework should reflect that the financial statements have been properly prepared in accordance with this framework. Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore will reflect this requirement.

Report on other legal and regulatory requirements

12. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 18 to 94 of the annual report.

14. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

15. The material findings are as follows:

USEFULNESS OF INFORMATION

Presentation

16. The National Treasury guide for the preparation of the annual report requires that explanations for variances between the planned and reported (actual) targets should be provided in all instances and should also be supported by adequate and reliable corroborating evidence. Adequate and reliable corroborating evidence could not be provided for all major variances as disclosed in the annual performance report. This was due to the absence of information systems regarding collecting and collating of supporting evidence.

Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the reliability of the reasons for major variances.

Consistency

17. Treasury Regulation 5.2.4 requires that the annual performance plan should form the basis for the annual report, thus requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 38% of the reported indicators and targets are not consistent or not complete with the indicators and targets as per the approved annual performance plan. This was due to management's lack of understanding of their reporting requirements during the strategic planning phase. There was also no monitoring of the completeness of the reporting of the annual performance report.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2013**

Relevance

18. The National Treasury framework for managing programme performance information (FMPPi) requires that the indicator should relate logically and directly to an aspect of the institution's mandate, the realisation of strategic goals and objectives. A total of 25% of indicators did not relate logically and directly to an aspect of the institution's mandate and realisation of strategic goals and objectives as per the three-year strategic plan.

This was due to the lack of development and implementation of proper performance planning and management practices to provide for the development of performance indicators and targets included in the annual performance plan.

Reliability of information

19. The National Treasury FMPPi requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

20. Significantly important targets with respect to Programme 2 (Human Settlements Delivery Frameworks) are not reliable when compared to the source information or evidence provided. This was due to the lack of monitoring of the completeness of source documentation in support of actual achievements.

21. Significantly important targets with respect to Programme 3 (Human Settlements Strategy and Planning) are not reliable when compared to the source information or evidence provided. This was due to the lack of monitoring of the completeness of source documentation in support of actual achievements.

22. Significantly important targets with respect to Programme 5 (Chief Financial Officer) are not reliable when compared to the source information or evidence provided. This was due to the lack of standard operating procedures for the accurate recording of actual achievements.

Additional matter

23. I draw attention to the matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

24. Of the total number of 146 targets planned for the year, 68 of targets were not achieved during the year under review. This represents 47% of total planned targets that were not achieved during the year under review.

25. This was as a result of the department not considering relevant systems and evidential requirements during the annual strategic planning process.

Compliance with laws and regulations

26. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Strategic planning and performance management

27. The Accounting Officer did not ensure that the Department had and maintained an effective, efficient and transparent system of internal control regarding performance management, which described and represented how the institution's processes of performance planning, monitoring, measurement, review and reporting was conducted, organised and managed, as required by section 38(1)(a)(i) and (b) of the PFMA.

Annual financial statements, performance and annual report

28. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the prescribed financial reporting framework as required by section 40(1)(b) of the PFMA.

29. Material misstatements of expenditure for capital assets, prepayments, lease commitments, accruals, contingent liabilities and immovable assets disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2013**

Expenditure management

30. Payments were made in advance of the receipt of goods or services in contravention of Treasury Regulation 15.10.1.2.

Transfers and subsidies

31. A business plan for utilisation of the Human Settlements Development Grant allocation made to all nine provinces was not approved prior to the start of the financial year, as required by section 10(1)(a) of the DoRA.

Asset management

32. Proper control systems for the safeguarding and maintenance of assets were not implemented, as required by section 38(1)(d) of the PFMA and Treasury Regulation 10.1.1.a.

Human resource management and compensation

33. Persons in charge at pay points did not always certify that the employees receiving payment were entitled thereto as required by Treasury Regulation 8.3.4.

34. Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1/VII/C.1A.2.

Internal control

35. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control 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

36. The Accounting Officer did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

37. The Department did have an action plan to address matters identified by internal and external audits; however this plan was not adequate in its implementation to address material findings of prior years.

Financial and performance management

38. The Department did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

OTHER REPORTS

Investigations

39. The Public Protector was conducting an investigation into alleged financial misconduct by the Accounting Officer of the department. This matter was still ongoing from the prior year.

Special audits

40. The Office of the Auditor-General was requested on 29 November 2012 by the previous minister to conduct a special audit into the procurement, implementation, performance and project management of the Rural Household Infrastructure Grant (RHIG). The report had not been finalised on the date of the report.

Auditor-General

Pretoria
31 July 2013



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
APPROPRIATION STATEMENT	2012/13					2011/12			
	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
1. ADMINISTRATION									
Current payment	247,920	(1,907)	(20,500)	225,513	172,288	53,225	76.4%	216,942	165,569
Transfers and subsidies	17	74	-	91	61	30	67.0%	50	45
Payment for capital assets	8,669	1,780	-	10,449	1,917	8,532	18.3%	5,107	1,930
Payment for financial assets	-	53	-	53	52	1	98.1%	12	8
	256,606	-	(20,500)	236,106	174,318	61,788		222,111	167,552
2. HOUSING POLICY, RESEARCH AND MONITORING									
Current payment	45,688	(246)	-	45,442	31,910	13,532	70.2%	38,623	32,629
Transfers and subsidies	50	103	-	153	119	34	77.8%	-	-
Payment for capital assets	981	136	-	1,117	326	791	29.2%	805	315
Payment for financial assets	-	7	-	7	3	4	42.9%	14	10
	46,719	-	-	46,719	32,358	14,361		39,442	32,954

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
APPROPRIATION STATEMENT	2012/13					2011/12			
	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
3. HOUSING PLANNING AND DELIVERY SUPPORT									
Current payment	221,213	(5,096)	(12,000)	204,117	125,323	78,794	61.4%	157,499	146,196
Transfers and subsidies	12,490	4,898	-	17,388	17,359	29	99.8%	7,961	7,961
Payment for capital assets	2,757	129	-	2,886	925	1,961	32.1%	34,541	33,185
Payment for financial assets	-	69	-	69	61	8	88.4%	10	8
	236,460	-	(12,000)	224,460	143,668	80,792		200,011	187,350
4. HOUSING DEVELOPMENT FINANCE									
Current Payments	67,285	(37)	-	67,248	52,718	14,530	78.4%	63,821	45,376
Transfers and subsidies	24,030,973	7	-	24,030,980	23,700,053	330,927	98.6%	21,875,605	21,872,588
Payments for capital assets	341,818	30	-	341,848	206,037	133,107	61.1%	258,073	187,656
Payments for financial assets	-	-	-	-	-	-		-	-
	24,440,076	-	-	24,440,076	23,958,808	478,564		22,197,499	22,105,620

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013**

		Appropriation per programme									
		2012/13					2011/12				
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		
5. STRATEGIC RELATIONS AND GOVERNANCE											
Current Payments	151,256	312	32,500	184,068	151,345	32,723	82.2%	162,158	104,481		
Transfers and subsidies	1,000	293	-	1,293	1,292	1	99.9%	1,020	476		
Payments for capital assets	5,688	(621)	-	5,067	1,472	3,595	29.1%	3,294	484		
Payments for financial assets	-	16	-	16	10	6	62.5%	6	3		
	157,944	-	32,500	190,444	154,119	36,325		166,478	105,444		
Subtotal	25,137,805	-	-	25,137,805	24,465,975	671,830	97.3%	22,825,541	22,598,920		
Statutory appropriation											

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

APPROPRIATION STATEMENT	Appropriation per programme									
	2012/13					2011/12				
	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	
Current payment	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	
Payment for capital assets	-	-	-	-	-	-	-	-	-	
Payment for financial assets	-	-	-	-	-	-	-	-	-	
TOTAL	25,137,805	-	-	25,137,805	24,463,271	671,830	97,3%	22,825,541	22,598,920	

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

	2012/13		2011/12	
	Final appropriation	Actual expenditure	Final appropriation	Actual expenditure
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	1,039		610	
Direct Exchequer receipts	-		-	
NRF Receipts	-		-	
Aid assistance	-		-	
Actual amounts per statement of financial performance (total revenue)	25,138,844		22,826,151	
ADD				
Aid assistance	-			-
Direct Exchequer payments				
Prior year unauthorised expenditure approved without funding				
Actual amounts per statement of financial performance (total expenditure)		24,463,271		22,598,920

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per economic classification									
2012/13									
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	409,280	(116,837)	(2,500)	289,943	249,834	40,109	86,2%	274,120	242,748
Goods and services	324,086	109,859	2,500	436,445	283,752	152,693	65,0%	364,318	251,306
Interest and rent on land	-	-	-	-	-	-	-	605	197
Transfers and subsidies									
Provinces and municipalities	23,118,165	-	-	23,118,165	22,787,238	330,927	98,6%	21,388,514	21,388,514
Departmental agencies and accounts	912,808	-	-	912,808	912,808	-	100,00%	487,091	484,074
Universities and technikons	3,090	-	-	3,090	3,090	-	100,00%	-	-
Foreign governments and international organisations	1,000	280	-	1,280	1,279	1	99,9%	1,000	462
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	400	20	-	420	420	-	100,0%	20	14
Households	9,067	5,075	-	14,142	14,049	93	99,3%	8,011	8,006
Gifts and donations	-	-	-	-	-	-	-	-	-

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per economic classification									
2012/13									
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets									
Buildings and other fixed structures	340,625	-	-	340,625	205,566	135,059	60.3%	289,832	219,677
Machinery and equipment	17,728	(1,552)	-	16,176	5,079	11,097	31.4%	11,753	3,870
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	1,556	3,010	-	4,566	30	4,536	0.7%	235	28
Payments for financial assets	-	145	-	145	126	19	86.9%	42	24
Total	25,137,805	-	-	25,137,805	24,463,271	674,534	97.3%	22,825,541	22,598,920

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013**

Statutory appropriation									
Direct changes against the national/ provincial revenue fund	2012/13					2011/12			
	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
List all direct charges against the national/ provincial revenue fund	-	-	-	-	-	-	-	-	-
President and deputy president salaries	-	-	-	-	-	-	-	-	-
Member of executive committee / parliamentary officers	-	-	-	-	-	-	-	-	-
Judges and magistrates salaries	-	-	-	-	-	-	-	-	-
Sector education and training authorities (SETA)	-	-	-	-	-	-	-	-	-
National Skills Fund	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per Programme 1: Administration

Detail per sub-programme	2012/13						2011/12		
	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
1.1. MINISTRY									
Current payment	29,450	5,685		35,115	30,192	4,923	86.0%	29,608	25,751
Transfers and subsidies		26		26	-	26			
Payment for capital assets	1,054	90		1,144	113	1,031	9.96%	257	97
Payment for financial assets		49		49	48	1	98.0%		
1.2. MANAGEMENT									
Current payment	90,408	(6,588)	(20,500)	63,320	51,605	11,715	81.5%	76,424	54,448
Transfers and subsidies		10		10	7	3	70.0%		
Payment for capital assets	1,371	724		2,095	468	1,627	22.3%	1,739	701
Payment for financial assets		4		4	4	-	100.0%		
1.3. CORPORATE SERVICES									
Current payment	86,926	1,996		88,922	70,089	18,833	78.8%	82,142	67,784
Transfers and subsidies	17	38		55	54	1	98.2%	50	45
Payment for capital assets	6,244	966		7,210	1,336	5,874	18.5%	3,111	1,132
Payment for financial assets				-		-		12	8

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per sub-programme	2012/13						2011/12		
	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
1.4. OFFICE ACCOMMODATION									
Current payment	41,156	(3,000)		38,156	20,402	17,754	53.5%	28,768	17,586
Transfers and subsidies				-		-			
Payment for capital assets				-		-			
Payment for financial assets				-		-			
Total	256,606	-	(20,500)	236,106	174,318	61,788	73.8%	222,111	167,552

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Programme 1 per economic classification	2012/13						2011/12		
	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
Current payments									
Compensation of employees	93,882	(1,612)	(500)	91,770	80,421	11,349	87.6%	82,022	76,186
Goods and services	154,033	(290)	(20,000)	133,743	91,866	41,877	68.7%	134,689	89,255
Interest and rent on land	280	(5)		275	129	146	46.9%	231	128
Transfers and subsidies to:									
Provinces and municipalities				-		-			
Departmental agencies and accounts				-		-			
Universities and technikons				-		-			
Foreign governments and international organisations				-		-			
Public corporations and private enterprises				-		-			
Non-profit institutions				-		-			
Households	17	74		91	61	30	67.0%	50	45
Gifts and donations				-		-			
Payment for capital assets									
Buildings and other fixed structures				-		-			

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Programme 1 per economic classification	2012/13						2011/12		
	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
Machinery and equipment	8,244	(1,535)		6,709	1,888	4,821	28.1%	4,997	1,907
Heritage assets				-		-			
Specialised military assets				-		-			
Biological assets				-		-			
Land and subsoil assets				-		-			
Software and other intangible assets	430	3,310		3,740	30	3,710	0.8%	110	28
Payments for financial assets		53		53	52	1	98.1%	12	3
Total	256,606	-	(20,500)	236,106	174,318	61,788	73.8%	222,111	167,552

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per Programme 2: Housing Policy, Research and Monitoring

Detail per sub-programme	2012/13						2011/12		
	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
2.1. MANAGEMENT									
Current payment	2,430			2,430	2,123	307	87.4%	2,256	1,949
Transfers and subsidies				-		-			
Payment for capital assets	71			71	37	34	52.1%	60	15
Payment for financial assets				-		-		5	1
2.2. POLICY DEVELOPMENT									
Current payment	10,088	(161)		9,927	8,132	1,795	81.9%	8,633	7,529
Transfers and subsidies		103		103	103	-	100.0%		
Payment for capital assets	78	56		134	84	50	62.7%	123	95
Payment for financial assets		2		2	2	-	100.0%		
2.3. RESEARCH									
Current payment	12,839			12,839	9,827	3,012	76.5%	10,139	7,080
Transfers and subsidies				-		-			
Payment for capital assets	325			325	66	259	20.3%	53	38
Payment for financial assets				-		-			

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per sub-programme	2012/13						2011/12		
	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
2.4. MONITORING AND EVALUATION									
Current payment	20,331	(85)		20,246	11,828	8,418	58.4%	17,595	16,071
Transfers and subsidies	50			50	16	34	32.0%		
Payment for capital assets	507	80		587	139	448	21.7%	569	167
Payment for financial assets		5		5	1	4	20.0%	9	9
Total	46,719	-	-	46,719	32,358	14,361	69.3%	39,442	32,954

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Programme 2 per economic classification	2012/13						2011/12		
	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
Current payments									
Compensation of employees	26,693	(1,995)		24,698	19,769	4,929	80.0%	25,192	22,319
Goods and services	18,995	1,749		20,744	12,141	8,603	58.5%	13,392	10,302
Interest and rent on land	-			-	-	-		39	8
Transfers and subsidies to:									
Provinces and municipalities				-		-			
Departmental agencies and accounts				-		-			
Universities and technikons				-		-			
Foreign governments and international organisations				-		-			
Public corporations and private enterprises				-		-			
Non-profit institutions				-		-			
Households	50	103		153	119	34	77.8%		
Gifts and donations				-		-			
Payment for capital assets									
Buildings and other fixed structures				-		-			

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Programme 2 per economic classification	2012/13							2011/12	
	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
Machinery and equipment	981	136		1,117	326	791	29.2%	805	315
Heritage assets				-		-			
Specialised military assets				-		-			
Biological assets				-		-			
Land and subsoil assets				-		-			
Software and other intangible assets				-		-			
Payments for financial assets		7		7	3	4	42.9%	14	10
Total	46,719	-	-	46,719	32,358	14,361	69.3%	39,442	32,954

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per Programme 3: Housing Planning and Delivery Support

Detail per sub-programme	2012/13							2011/12	
	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
3.1. MANAGEMENT									
Current payment	2,724			2,724	713	2,011	26.2%	1,597	1,264
Transfers and subsidies				-	-	-			
Payment for capital assets	163			163	65	98	39.9%	141	123
Payment for financial assets				-	-	-			
3.2. PROGRAMME IMPLEMENTATION SUPPORT									
Current payment	83,717	(5,615)	(12,000)	66,102	8,803	57,299	13.3%	7,981	6,233
Transfers and subsidies				-	-	-			
Payment for capital assets	63			63		63		260	19
Payment for financial assets				-	-	-		2	1
3.3. RENTAL HOUSING AND PEOPLE'S HOUSING PROCESS									
Current payment	13,208	(129)		13,079	7,749	5,330	52.9%	15,412	14,380
Transfers and subsidies		50		50	25	25	50.0%		
Payment for capital assets	100	70		170	12	158	7.1%	83	55
Payment for financial assets		10		10	3	7	30.0%		

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per sub-programme	2012/13						2011/12		
	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
3.4. STAKEHOLDER MOBILISATION									
Current payment	14,306	4,035		18,341	17,141	1,200	93.5%	15,790	14,702
Transfers and subsidies		18		18	18	-	100.0%		
Payment for capital assets	280	18		298	124	174	41.6%	253	146
Payment for financial assets		1		1	1	-	100.0%		
3.5. CAPACITY DEVELOPMENT									
Current payment	19,195	(689)		18,506	18,342	164	99.1%	32,072	30,627
Transfers and subsidies	12,090	4,820		16,910	16,909	1	100.0%	7,961	7,961
Payment for capital assets	169	11		180	103	77	57.2%	361	152
Payment for financial assets		17		17	17	-	100.0%	1	1
3.6. PRIORITY PROJECT FACILITATION									
Current payment	8,871	(415)		8,456	3,698	4,758	43.7%	4,956	3,971
Transfers and subsidies				-	-	-			
Payment for capital assets	259	15		274	62	212	22.6%	235	77
Payment for financial assets				-	-	-			

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per sub-programme	2012/13						2011/12		
	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
3.7. HUMAN SETTLEMENT PLANNING									
Current payment	12,043	375		12,418	8,587	3,831	69.1%	9,397	8,809
Transfers and subsidies	400	10		410	407	3	99.3%		
Payment for capital assets	157	15		172	67	105	39%	219	180
Payment for financial assets				-		-		2	1
3.8 SANITATION SERVICES									
Current payment	67,149	(2,658)		64,491	60,290	4,201	93.5%	70,294	66,210
Transfers and subsidies				-		-			
Payment for capital assets	1,566			1,566	492	1,074	31.4%	32,989	32,433
Payment for financial assets		41		41	40	1	97.6%	5	5
Total	236,460	-	(12,000)	224,460	143,668	80,792	64.0%	200,011	187,350

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Program 3 per economic classification	2012/13							2011/12	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	89,493	(11,898)		77,595	67,249	10,346	86.7%	68,339	65,321
Goods and services	131,704	6,818	(12,000)	126,522	58,074	68,448	45.9%	89,021	80,842
Interest and rent on land								139	33
Transfers and subsidies									
Provinces and municipalities				-					
Departmental agencies and accounts									
Universities and technikons	3,090			3,090	3,090		100.0%		
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions	400			400	400		100%		
Households	9,000	4,898		13,898	13,869	29	99.8%	7,961	7,961
Gifts and donations									

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Program 3 per economic classification	2012/13							2011/12	
	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
Payments for capital assets									
Buildings and other fixed structures				-		-		32,324	32,324
Machinery and equipment	2,747	113		2,860	925	1,935	32.3%	2,192	861
Heritage assets				-		-			
Specialised military assets				-		-			
Biological assets				-		-			
Land and subsoil assets				-		-			
Software and other intangible assets	26			26		26		25	
Payments for financial assets		69		69	61	8	88.4%	10	8
Total	236,460	-	(12,000)	224,460	143,668	80,792	64.0%	200,011	187,350

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per Programme 4: Housing Development Finance

Detail per sub-programme	2012/13						2011/12		
	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
4.1. MANAGEMENT									
Current payment	2,942			2,942	1,678	1,264	57.0%	2,778	1,153
Transfers and subsidies				-		-			
Payment for capital assets	71			71		71		38	25
Payment for financial assets				-		-			
4.2. FINANCIAL AND FUNDS MANAGEMENT									
Current payment	54,012	(37)		53,975	43,278	10,697	80.2%	50,954	38,158
Transfers and subsidies				7	7	-	100.0%		
Payment for capital assets	821	30		851	438	413	51.5%	422	220
Payment for financial assets				-		-			
4.3. HOUSING EQUITY									
Current payment	10,331			10,331	7,762	2,569	75.1%	10,089	6,065
Transfers and subsidies				-					
Payment for capital assets	301			301	33	268	11%	105	58
Payment for financial assets				-					

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013**

Detail per sub-programme	2012/13						2011/12		
	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
4.4. HUMAN SETTLEMENT DEVELOPMENT GRANT									
Current payment				-					
Transfers and subsidies	15,725,959			15,725,959	15,395,032	330,927	97.9%	14,941,516	14,941,516
Payment for capital assets				-					
Payment for financial assets				-					
4.5. CONTRIBUTION									
Current payment				-					
Transfers and subsidies	912,808			912,808	912,808	-	100.0%	487,091	484,074
Payment for capital assets									
Payment for financial assets									
4.6. RURAL HOUSEHOLDS INFRASTRUCTURE DEVELOPMENT									
Current payment				-					
Transfers and subsidies				-					
Payment for capital assets	340,625			340,625	205,566	132,355	61.1%	257,508	187,353
Payment for financial assets				-					

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per sub-programme	2012/13						2011/12		
	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
4.7. SANITATION GRANT									
Current payment				-					
Transfers and subsidies				-					
Payment for capital assets				-					
Payment for financial assets				-					
4.8. HOUSING DISASTER RELIEF GRANT									
Current payment				-					
Transfers and subsidies				-					
Payment for capital assets				-					
Payment for financial assets				-					
4.9. BACKLOGS IN W&S AT SCH&CLNC GR									
Current payment				-					
Transfers and subsidies				-					
Payment for capital assets				-					
4.10. URBAN SETTLEMENTS DEV GRNT									
Current payment	7,392,206			7,392,206	7,392,206		100.0%	6,266,998	6,266,998
Transfers and subsidies				-					
Payment for capital assets				-					
Payment for financial assets				-					
Total	24,440,076	-	-	24,440,076	23,958,808	481,268	98%	22,197,499	22,105,620

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Programme 4 per economic classification	2012/13							2011/12	
	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
Current payments									
Compensation of employees	47,931	(5,431)		42,500	34,841	7,659	82.0%	43,634	32,091
Goods and services	19,354	5,394		24,748	17,877	6,871	72.2%	20,111	13,273
Interest and rent on land				-		-		76	12
Transfers and subsidies to:									
Provinces and municipalities	23,118,165			23,118,165	22,787,238	330,927	98.6%	21,388,514	21,388,514
Departmental agencies and accounts	912,808			912,808	912,808	-	100.0%	487,091	484,074
Universities and technikons				-		-			
Foreign governments and international organisations				-		-			
Public corporations and private enterprises				-		-			
Non-profit institutions		7		7	7	-	100.0%		
Households				-		-			
Gifts and donations				-		-			

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Programme 4 per economic classification	2012/13						2011/12		
	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									
Buildings and other fixed structures	340,625			340,625	205,566	132,355	61.1%	257,508	187,353
Machinery and equipment	1,193	30		1,223	471	752	38.5%	565	303
Heritage assets				-	-	-			
Specialised military assets				-	-	-			
Biological assets				-	-	-			
Land and subsoil assets				-	-	-			
Software and other intangible assets				-	-	-			
Payments for financial assets				-	-	-			
Total	24,440,076	-	-	24,440,076	23,958,808	478,584	98%	22,197,499	22,105,620

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per Programme 5: Strategic Relations and Governance

Detail per sub-programme	2012/13						2011/12		
	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
5.1. MANAGEMENT									
Current payment	3,287	(23)		3,264	2,306	958	70.6%	5,277	2,923
Transfers and subsidies				-		-			
Payment for capital assets	18	23		41	37	4	90.2%	60	28
Payment for financial assets				-		-			
5.2. MANAGEMENT INFORMATION SERVICES									
Current payment	62,440	(5,337)	(16,300)	40,803	30,533	10,270	74.8%	57,659	17,630
Transfers and subsidies				-		-		20	14
Payment for capital assets	3,585	(226)		3,359	1,019	2,340	30.3%	907	112
Payment for financial assets				-		-			
5.3. INTER-GOVERNMENTAL AND INTERNATIONAL RELATIONS									
Current payment	13,690	(40)		13,650	10,688	2,962	78.3%	21,080	19,874
Transfers and subsidies				-		-			
Payment for capital assets	195	31		226	45	181	19.9%	170	77
Payment for financial assets		10		10	4	6	40.0%	5	2
5.4. COMMUNICATION									
Current payment	45,912	614	12,000	58,526	48,713	9,773	83.3%	45,438	36,968
Transfers and subsidies		13		13	13	-	100.0%		
Payment for capital assets	1,336	(589)		747	92	655	12.3%	1,753	123
Payment for financial assets		2		2	2	-	100.0%		

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per sub-programme	2012/13							2011/12	
	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
5.5. HOUSING INSTITUTIONS									
Current payment	10,567	3,970	36,800	51,337	45,123	6,214	87,9%	11,554	7,800
Transfers and subsidies				-	-	-			
Payment for capital assets	300	30		330	134	196	40,6%	129	17
Payment for financial assets				-					
5.6. STRATEGIC MANAGEMENT									
Current payment	7,763	(290)		7,473	5,833	1,640	78,1%	13,734	12,025
Transfers and subsidies				-					
Payment for capital assets	219	10		229	40	189	17,5%	247	110
Payment for financial assets				-					
5.7. TRANSFORMATION									
Current payment	7,597	1,458		9,055	8,149	906	90%	7,416	7,261
Transfers and subsidies				-					
Payment for capital assets	35	100		135	105	30	77,8%	28	17
Payment for financial assets		4		4	4	-	100%	1	1
5.8. CONTRIBUTION									
Current payment									
Transfers and subsidies	1,000			1,280	1,279	1	99,9%	1,000	462
Payment for capital assets	300								
Payment for financial assets									
Total	157,944	-	32,500	190,444	154,119	36,325	80,9%	166,478	105,444

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Program 5 per economic classification	2012/13						2011/12		
	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
Current payments									
Compensation of employees	151,281	(95,901)	(2,000)	53,380	47,554	5,826	89.1%	54,933	46,831
Goods and services		96,188	34,500	130,688	103,794	26,894	79.4%	107,105	57,634
Interest and rent on land		-						120	16
Transfers and subsidies									
Provinces and municipalities				-					
Departmental agencies and accounts				-					
Universities and technikons				-					
Foreign governments and international organisations	1,000	280		1,280	1,279	1	99.9%	1,000	462
Public corporations and private enterprises				-					
Non-profit institutions		13		13	13		100.0%	20	14
Households				-					
Gifts and donations				-					
Payments for capital assets									
Buildings and other fixed structures	4,563	(296)		4,267	1,469	2,798	34.4%	3,194	484
Machinery and equipment				-					

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Program 5 per economic classification	2012/13							2011/12	
	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
Heritage assets				-		-			
Specialised military assets				-		-			
Biological assets				-		-			
Land and subsoil assets	1,100	(300)		800		800		100	
Software and other intangible assets				16	10	6	62.5%	6	3
Payments for financial assets				190,444	154,119	36,325	80.9%	166,478	105,444
Total	157,944	-	32,500	190,444	154,119	36,325	80.9%	166,478	105,444

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013

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	Actual expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	
1. Administration	236,106	174,318	61,788	26%
2. Housing Policy, Research and Monitoring	46,719	32,358	14,361	31%
3. Housing Planning and Delivery Support	224,460	143,668	80,792	36%
4. Housing Development Finance	24,440,076	23,961,512	478,564	2%
5. Strategic Relations and Governance	190,444	154,119	36,325	19%
TOTAL	25,137,805	24,465,975	671,830	3%

Reasons for under-spending
Programme 1: Administration

The total adjusted budget of Programme 1 amounted to R236.1 mil of which R174.3 mil was spent. The variance of R61.7 mil can be attributed to the following:

- Funds provided for the Special Investigation Unit (SIU) that could not be fully utilised. Challenges were experienced with the SIU not providing the Department with invoices due to changes to the SIU's legislation. R51 mil was originally allocated and was adjusted to R30.5 mil through an approved virement. A total of R23.9 mil, which is 78% of adjusted allocation, was spent in this financial year.
- Funds provided for the leasing of additional office accommodation could also not be utilised. This contributed largely to the non-filling of vacancies and spending on personnel compensation. Negotiations between the Department and the Department of Public Works were held to resolve the issues. However, due to problems within DPW, the finalisation of negotiations was delayed. About 53% of the budget for leasing of buildings was paid to DPW, leaving an amount of R17.7 mil unspent, funds meant to pay for 260 Justice Mohamed Street.
- Furthermore the non-filling of vacancies due to a lack of office space resulted in under-expenditure not only on the compensation budget but also on employee-related costs.

Programme 2: Housing Policy, Research and Monitoring

The programme under-spent by 31%. The under-spending is as a result of the following:

In the CD: Housing Policy the project "Design and the determination of the development cost of residential status and typologies" started late in the financial year. overlapping to the 2013/14 financial year.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013**

The CD: Research put the following bids on hold for further consultation with stakeholders (this affected the planned targets and spending of the units):

- The integrated residential development programme: looking back and moving forward.
- The evaluation of provincial and municipal response to the Urban Settlements Development Grant.

Programme 3: Housing Planning and Delivery Support.

The programme under-spent by 36%. The under-spending is as a result of:

- Delay in the implementation of the National Upgrading Support Programme (NUSP) which takes up 30% of the branch's budget.
- Out of the adjusted budget of R55 mil only R1.6 mil has been spent, or 3%, leaving a balance of R53.3 mil.

Programme 4: Housing Development Finance.

The programme under-spent by 2%. The under-spending is as a result of:

- On the Human Settlements Development Grant R330.9 mil was stopped from being transferred to the Eastern Cape (R284.8 mil) and Limpopo (R46 mil), due to underperformance.
- Of an adjusted budget of R340.6 mil for the Rural Households Infrastructure Development Grant, R240 mil (70%) was spent, leaving a balance of R100.5 mil unspent. The building of toilets for the 2012/13 financial year was delayed because the service providers had to finish work from the previous financial year. Additional service providers were appointed during the last quarter of the financial year to help to finalise the projects, but at year end, work was still underway.

Programme 5: Strategic Relations and Governance.

The programme under-spent by 19%. The under-spending is as a result of:

- Advertising relating to Departmental media campaigns for which service providers were appointed late and at year end only part of the work was concluded by the service provider.
- Inability of SITA to provide resources at an adequate level to maintain the Housing Subsidy System (HSS) as stipulated in the SLA. SITA could only provide limited resources resulting in under-spending. The budget was adjusted from R50 mil to R26.4 mil as funds had to be shifted to fund SERVCON closure. Of the adjusted budget of R26.4 mil for HSS maintenance, R20.9 mil (79%) has been paid.

Per economic classification:	Final appropriation	Actual expenditure	Variance	Variance as a % of final approp.
	R'000	R'000	R'000	%
Current payments				
Compensation to employees	289,943	249,834	40,109	14%
Goods and services	436,445	283,752	152,693	35%
Interest and rent on land	937	342	595	64%
Unauthorised expenditure approved				
Transfers & subsidies				
Provinces & municipalities	23,118,165	22,787,238	330,927	1%
Departmental agencies & accounts	912,808	912,808	-	0%
Universities & technikons	3,090	3,090	-	0%
Foreign governments & international organisations	1,280	1,279	1	0%
Public corporations & private enterprises	-	-	-	0%
Non-profit institutions	20	20	-	0%

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013**

Households	14,142	14,049	93	1%
Gifts and donations	400	400	-	0%
Payment on capital assets				
Buildings & other fixed structures	340,625	205,566	135,059	30%
Machinery & equipment	15,239	4,737	10,502	69%
Biological or cultivated assets			-	0%
Software & other intangible assets	4,566	30	4,536	99%
Land & subsoil assets	-	-	-	0%
Payments for financial assets	145	126	19	13%
Total	25,137,805	24,463,271	674,533	3%

Compensation to employees

The under-spending in compensation of employees can be attributed the lack of office space.

Goods and services

Under-spending in goods and services can be attributed to the following:

- Funds provided for the SIU that could not be fully utilised. Challenges were experienced with the SIU not providing the Department with invoices due to changes to the SIU's legislation. R51 mil was originally allocated and was adjusted to R30.5 mil through an approved virement. A total of R23.9 mil, which is 78% of adjusted allocation, was spent in this financial year.
- Funds provided for the leasing of additional office accommodation could also not be utilised. This contributed largely to the non-filling of vacancies and spending on personnel compensation. Negotiations between the Department and the Department of Public Works were held to resolve the issues. However due to problems within DPW, the finalisation of negotiations was delayed. About 53% of the budget for leasing of buildings was paid to DPW leaving an amount of R17.7 mil unspent, funds meant to pay for 260 Justice Mohamed Street.

The CD: Research put the following bids on hold for further consultation with stakeholders (this affected the planned targets and spending of the units):

- The integrated residential development programme: looking back and moving forward.
- The evaluation of provincial and municipal response to the Urban Settlements Development Grant.
- Delay in the implementation of the National Upgrading Support Programme (NUSP), which takes up 30% of the branch's budget.
- Advertising relating to Departmental media campaigns for which service providers were appointed late and at year end only part of the work was concluded by the service provider.
- Inability of SITA to provide resources at an adequate level to maintain the Housing Subsidy System (HSS) as stipulated in the SLA. SITA could only provide limited resources resulting in under-spending.

Transfers & subsidies

Under-spending in Transfers & subsidies can be attributed to the following:

- On the Human Settlements Development Grant R330.9 mil was stopped from being transferred to the Eastern Cape (R284.8 mil) and Limpopo (R46 mil), due to underperformance.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013**

Machinery & equipment

Under-spending in Machinery & equipment can be attributed to the following:

- Of an adjusted budget of R340.6 mil for the Rural Households Infrastructure Development Grant, R205 mil (60%) was spent, leaving a balance of R135 mil unspent. The building of toilets for the 2012/13 financial year was delayed because the service providers had to finish work from the previous financial year. Additional service providers were appointed during the last quarter of the financial year to help to finalise the projects, but at year end, work was still underway.

Per conditional grant

Per conditional grant	Final appropriation	Actual expenditure	Variance	Variance as a % of final approp.
	R'000	R'000	R'000	%
Human Settlements Development Grant	15,725,959	15,395,032	330,927	2%
Urban Settlements Development Grant	7,392,206	7,392,206	-	0%

On the Human Settlements Development Grant, R330.9 mil was stopped from being transferred in terms of the Division of Revenue Act: the Eastern Cape (R284.8 mil) and Limpopo (R46 mil) did not receive funds due to under-performance.

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2013

PERFORMANCE	Note	2012/13	2011/12
		R'000	R'000
REVENUE			
Annual appropriation	1	25,137,805	22,825,541
Departmental revenue	2	1,039	610
TOTAL REVENUE		25,138,844	22,826,151
EXPENDITURE			
Current expenditure			
Compensation of employees	3	249,834	242,748
Goods and services	4	283,752	251,306
Interest and rent on land	5	-	197
Total current expenditure		533,586	494,251
Transfers and subsidies			
Transfers and subsidies	7	23,718,884	21,881,070
Total transfers and subsidies		23,718,884	21,881,070
Expenditure for capital assets			
Tangible capital assets	8	210,645	223,547
Software and other intangible assets	8	30	28
Total expenditure for capital assets		210,675	223,575
Payments for financial assets	6	126	24
TOTAL EXPENDITURE		24,463,271	22,598,920
SURPLUS/(DEFICIT) FOR THE YEAR		675,573	227,231
Reconciliation of net surplus/(deficit) for the year			
Voted funds		674,534	226,621
Departmental revenue and NRF receipts	14	1,039	610
SURPLUS/(DEFICIT) FOR THE YEAR		675,573	227,231

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2013

POSITION	Note	2012/13	2011/12
		R'000	R'000
ASSETS			
Current assets		675,185	226,891
Cash and cash equivalents	9	623,562	219,801
Prepayments and advances	10	48,149	5,319
Receivables	11	3,474	1,771
Non-current assets		880,604	880,604
Investments	12	880,604	880,604
TOTAL ASSETS		1,555,789	1,107,495
LIABILITIES			
Current liabilities		674,988	226,719
Voted funds to be surrendered to the revenue fund	13	674,535	226,621
Departmental revenue and NRF receipts to be surrendered to the revenue fund	14	164	12
Payables	15	289	86
Non-current liabilities		674,988	226,719
TOTAL LIABILITIES		880,801	880,776
NET ASSETS			

	Note	2012/13	2011/12
		R'000	R'000
Represented by:			
Capitalisation reserve		880,604	880,604
Recoverable revenue		197	172
TOTAL		880,801	880,776

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2013

NET ASSETS	Note	2012/13	2011/12
		R'000	R'000
Capitalisation reserves			
Opening balance		880,604	880,604
Closing balance		880,604	880,604
Recoverable revenue			
Opening balance		172	144
Transfers:		25	28
Debts recovered (included in departmental receipts)		25	28
Closing balance		197	172
TOTAL		880,801	880,776

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
CASH FLOW STATEMENT
for the year ended 31 March 2013

CASH FLOW	Note	2012/13	2011/12
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		25,138,844	22,826,151
Annual appropriated funds received	1.1	25,137,805	22,825,541
Departmental revenue received	2	1,039	610
Net (increase)/decrease in working capital		(44,330)	(8,716)
Surrendered to revenue fund		(227,507)	(200,452)
Current payments		(533,586)	(494,251)
Payments for financial assets		(126)	(24)
Transfers and subsidies paid		(23,718,884)	(21,881,070)
Net cash flow available from operating activities	16	614,411	241,638
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(210,675)	(223,575)
Net cash flows from investing activities		(210,675)	(223,575)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		25	28
Net cash flows from financing activities		25	28
Net increase/(decrease) in cash and cash equivalents		403,761	18,091
Cash and cash equivalents at beginning of period		219,801	201,710
Cash and cash equivalents at end of period	17	623,562	219,801

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ACCOUNTING POLICIES
for the year ended 31 March 2013**

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, 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.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The "modification" results from the recognition of certain near-cash balances in the financial statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition, supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

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 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 comprise 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.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2013**

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.

Any amount owing to the national/provincial revenue fund at the end of the financial year 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 notes 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

Aid 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.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2013**

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.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% 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 under-spending 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.

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

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2013**

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.

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 stipulated in the Act.

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.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2013**

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.

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 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.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2013**

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.

4.8.3. Intangible assets

Initial recognition

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

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.*

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as expenditure for capital asset and is capitalised in the asset register of the Department.

Maintenance is expensed as current goods and services in the statement of financial performance.

5. LIABILITIES

5.1. Payables

Recognised payables mainly comprise amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

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 liabilities 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 liabilities or as expenditure in the statement of financial performance but are included in the disclosure notes.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2013**

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 a capital expense in the statement of financial performance and are not apportioned between the capital and the interest portions. The total finance lease payment 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

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.

5.9. Provisions

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. These receivables are written off when identified as irrecoverable and are disclosed separately.

7. NET ASSETS

7.1. Capitalisation reserve

The capitalisation reserve comprises 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 underlying 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 regard 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 are included in the disclosure notes.

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

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:

	2012/13			2011/12
	Final appropriation	Actual funds received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	236,106	236,106	-	233,111
Housing Policy, Research and Monitoring	46,719	46,719	-	39,442
Housing Planning and Delivery Support	224,460	224,460	-	195,011
Housing Development Finance	24,440,076	24,440,076	-	22,197,499
Strategic Relations and Governance	190,444	190,444	-	160,478
Total	25,137,805	25,137,805	-	22,825,541

2. DEPARTMENTAL REVENUE

	Note	2012/13	2011/12
		R'000	R'000
Sales of goods and services other than capital assets	2.1	170	302
Interest, dividends and rent on land	2.3	90	23
Transactions in financial assets and liabilities	2.3	779	285
Total revenue collected		1,039	610
Departmental revenue collected		1,039	610

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

2.1. Sales of goods and services other than capital assets

	Note	2012/13	2011/12
	<u>2</u>	R'000	R'000
Sales of goods and services produced by the Department		167	300
Sales by market establishment		47	196
Other sales		120	104
Sales of scrap, waste and other used current goods		3	2
Total		170	302

2.2. Interest, dividends and rent on land

	Note	2012/13	2011/12
	<u>2</u>	R'000	R'000
Interest		90	23
Total		90	23

2.3. Transactions in financial assets and liabilities

	Note	2012/13	2011/12
	<u>2</u>	R'000	R'000
Receivables		-	43
Other receipts including recoverable revenue		779	242
Total		779	285

3. COMPENSATION OF EMPLOYEES

3.1. Salaries and wages

	Note	2012/13	2011/12
		R'000	R'000
Basic salary		169,318	162,817
Performance award		4,516	4,305
Service-based		938	664
Compensative/circumstantial		4,935	5,577
Other non-pensionable allowances		41,755	41,512
Total		221,462	214,875

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

3.2. Social contributions

	Note	2012/13	2011/12
		R'000	R'000
Employer contributions			
Pension		19,728	19,310
Medical		8,610	8,528
Bargaining council		34	35
Total		28,372	27,873
Total compensation of employees		249,834	242,748
Average number of employees		655	876

4. GOODS AND SERVICES

	Note	2012/13	2011/12
		R'000	R'000
Administrative fees		299	357
Advertising		21,111	10,393
Assets less than R5,000	4.1	764	1,591
Bursaries (employees)		996	1,135
Catering		7,363	3,695
Communication		8,327	8,103
Computer services	4.2	32,517	12,855
Consultants, contractors and agency/outsourced services	4.3	102,196	107,448
Entertainment		168	223
Audit cost – external	4.4	7,018	5,208
Fleet services		688	88
Inventory	4.5	6,392	4,718
Housing		-	-
Operating leases		16,789	17,962
Property payments	4.6	5,928	4,204
Travel and subsistence	4.7	57,447	56,513
Venues and facilities		10,816	11,359
Training and staff development		2,628	3,197
Other operating expenditure	4.8	2,305	2,257
Total		283,752	251,306

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

4.1. Assets less than R5,000

	Note	2012/13	2011/12
	4	R'000	R'000
Tangible assets		764	1,591
Machinery and equipment		764	1,591
Total		764	1,591

4.2. Computer services

	Note	2012/13	2011/12
	4	R'000	R'000
SITA computer services		24,592	11,929
External computer service providers		7,925	926
Total		32,517	12,855

4.3. Consultants, contractors and agency/outsourced services

	Note	2012/13	2011/12
	4	R'000	R'000
Business and advisory services		98,959	100,043
Legal costs		1,082	3,616
Contractors		1,148	2,930
Agency and support/outsourced services		1,007	859
Total		102,196	107,448

4.4. Audit cost – External

	Note	2012/13	2011/12
	4	R'000	R'000
Regularity audits		7,018	5,208
Total		7,018	5,208

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

4.5. Inventory

	Note	2012/13	2011/12
	4	R'000	R'000
Food and food supplies		17	17
Fuel, oil and gas		8	458
Other consumables		731	844
Materials and supplies		63	65
Stationery and printing		5,572	3,334
Medical supplies		1	-
Total		6,392	4,718

4.6. Property payments

	Note	2012/13	2011/12
	4	R'000	R'000
Municipal services		4,436	3,501
Other		1,492	703
Total		5,928	4,204

4.7. Travel and subsistence

	Note	2012/13	2011/12
	4	R'000	R'000
Local		50,665	51,469
Foreign		6,782	5,044
Total		57,447	56,513

4.8. Other operating expenditure

	Note	2012/13	2011/12
	8	R'000	R'000
Professional bodies, membership and subscription fees		225	81
Resettlement costs		70	542
Gifts		53	-
Other		1,957	1,634
Total		2,305	2,257

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2013

5. INTEREST AND RENT ON LAND

	Note	2012/13	2011/12
		R'000	R'000
Interest paid		-	197
Total		-	197

6. PAYMENTS FOR FINANCIAL ASSETS

	Note	2012/13	2011/12
		R'000	R'000
Debts written off	6.1	126	24
Total		126	24

6.1. Debts written off

	Note	2012/13	2011/12
	6	R'000	R'000
Nature of debts written off			
(Group major categories, but list material items: debts written off relating to irregular expenditure, recoverable expenditure and other debts must be listed here)			
No Shows		13	14
Bad debts		3	1
Damaged vehicle		110	9
Total		126	24
Total debt written off		126	24

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

7. TRANSFERS AND SUBSIDIES

	Note	2012/13	2011/12
		R'000	R'000
Provinces and municipalities	33, 34, Annex 1A, Annex 1B	22,787,238	21,388,514
Departmental agencies and accounts	Annex 1C	912,808	484,074
Universities and technikons	Annex 1D	3,090	-
Foreign governments and international organisations	Annex 1F	1,279	462
Non-profit institutions	Annex 1G	400	-
Households	Annex 1H	14,069	8,020
Total		23,718,884	21,881,070

Unspent funds transferred to the above beneficiaries

8. EXPENDITURE FOR CAPITAL ASSETS

	Note	2012/13	2011/12
		R'000	R'000
Tangible assets		210,645	223,547
Buildings and other fixed structures	45	205,566	219,678
Machinery and equipment	27	5,079	3,869
Software and other intangible assets		30	28
Computer software	44	30	28
Total		210,675	223,575

The following amounts have been included as project costs in expenditure for capital assets

Compensation of employees	-	-
Goods and services	-	-
Total	-	-

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8.1. Analysis of funds utilised to acquire capital assets – 2012/13

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	210,645	-	210,645
Buildings and other fixed structures	205,566	-	205,566
Machinery and equipment	5,079	-	5,079
Software and other intangible assets	30	-	30
Computer software	30	-	30
Total	210,675	-	210,675

8.2. Analysis of funds utilised to acquire capital assets – 2011/12

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	223,547	-	223,547
Buildings and other fixed structures	219,678	-	219,678
Machinery and equipment	3,869	-	3,869
Software and other intangible assets	28	-	28
Computer software	28	-	28
Total	223,575	-	223,575

9. CASH AND CASH EQUIVALENTS

	Note	2012/13	2011/12
	9	R'000	R'000
Consolidated paymaster general account		647,803	231,686
Disbursements		(24,296)	(11,930)
Cash on hand		55	45
Total		623,562	219,801

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10. PREPAYMENTS AND ADVANCES

	Note	2012/13	2011/12
		R'000	R'000
Travel and subsistence		37	24
Prepayments		33,084	-
Advances paid to other entities	17.1	15,028	5,295
Total		48,149	5,319

10.1. Advances paid

	Note	2012/13	2011/12
		R'000	R'000
National departments	<i>Annex 8A</i>	15,028	5,295
Provincial department	<i>Annex 8A</i>	-	-
Public entities	<i>Annex 8A</i>	-	-
Other Institutions	<i>Annex 8A</i>	-	-
Total		15,028	5,295

11. RECEIVABLES

	Note	2012/13				2011/12
		R'000	R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	18.1 <i>Annex 4</i>	176	-	1	177	62
Trade receivables	18.2	-	-	-	-	-
Recoverable expenditure	18.3	324	381	70	775	704
Staff debt	18.4	197	47	3	247	146
Other debtors	18.5	1,470	745	60	2,275	859
Total		2,167	1,173	134	3,474	1,771

11.1. Claims recoverable

	Note	2012/13	2011/12
	11	R'000	R'000
National departments		177	62
Total		177	62

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11.2. Recoverable expenditure (disallowance accounts)

	Note	2012/13	2011/12
	11	R'000	R'000
Disallowance miscellaneous (SIU debtors)		-	30
Damaged vehicles		775	674
Total		775	704

11.3. Staff debt

	Note	2012/13	2011/12
	18	R'000	R'000
Telephone & cell phone		2	6
Study		51	57
Vehicle		55	-
No show		4	10
Salaries		124	73
Loses		11	-
Total		247	146

11.4. Other debtors

	Note	2012/13	2011/12
	18	R'000	R'000
Suppliers		1,953	781
VAT vendors		322	78
Total		2,275	859

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12. INVESTMENTS

	Note	2012/13	2011/12
		R'000	R'000
Non-current			
Shares and other equity			
NHFC		880,000	880,000
SERVCON		604	604
Total		880,604	880,604
Analysis of non-current investments			
Opening balance		880,604	880,604
Closing balance		880,604	880,604

13. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2012/13	2011/12
		R'000	R'000
Opening balance		226,621	199,805
Transfer from statement of financial performance		674,534	226,621
Paid during the year		(226,620)	(199,805)
Closing balance		674,535	226,621

14. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2012/13	2011/12
		R'000	R'000
Opening balance		12	49
Transfer from statement of financial performance		1,039	610
Paid during the year		(887)	(647)
Closing balance		164	12

15. PAYABLES – CURRENT

	Note	2012/13	2011/12
		R'000	R'000
Clearing accounts	15.1	289	86
Total		289	86

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15.1. Clearing accounts

Description	Note	2012/13	2011/12
	15	R'000	R'000
Salary income tax: CL		273	84
Pension fund		16	4
Medical aid		-	(2)
Total		289	86

16. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

Description	Note	2012/13	2011/12
		R'000	R'000
Net surplus/(deficit) as per statement of financial performance		675,573	227,231
Add back non cash/cash movements not deemed operating activities		(61,162)	14,407
(Increase)/decrease in receivables – current		(1,703)	(3,808)
(Increase)/decrease in prepayments and advances		(42,830)	(4,799)
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables – current		203	(109)
Proceeds from sale of capital assets		-	-
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		210,675	223,575
Surrenders to revenue fund		(227,507)	(200,452)
Surrenders to RDP fund/donor		-	-
Voted funds not requested/not received		-	-
Own revenue included in appropriation		-	-
Other non-cash items		-	-
Net cash flow generated by operating activities		614,411	241,638

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17. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	Note	2012/13	2011/12
		R'000	R'000
Consolidated paymaster general account		623,507	231,686
Fund requisition account		-	-
Cash receipts		-	-
Disbursements		-	(11,930)
Cash on hand		55	45
Cash with commercial banks (Local)		-	-
Cash with commercial banks (Foreign)		-	-
Total		623,562	219,801

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These amounts are not recognised in the annual financial statements and are disclosed to enhance the usefulness of the annual financial statements.

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

18.1. Contingent liabilities

	Note	2012/13	2011/12
		R'000	R'000
Liable to Nature			
Housing loan guarantees Employees	<i>Annex 3A</i>	85	85
Claims against the Department	<i>Annex 3B</i>	425	-
Other departments (interdepartmental unconfirmed balances)	<i>Annex 5</i>	8	76
Other	<i>Annex 3B</i>	22,413	-
Total		22,931	161

19. COMMITMENTS

	Note	2012/13	2011/12
		R'000	R'000
Current expenditure			
Approved and contracted		53,216	40,388
Approved but not yet contracted		19,931	14
		73,417	40,402
Capital expenditure (including transfers)			
Approved and contracted		147,624	70,328
Approved but not yet contracted		-	868,522
		147,624	938,850
Total commitments		220,771	979,252

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20. ACCRUALS

			2012/13	2011/12
			R'000	R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	2,862	9,155	12,017	8,323
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	-
Capital assets	-	-	-	-
Other	10	82	92	15
Total	2,872	9,237	12,109	8,338

	Note	2012/13	2011/12
		R'000	R'000
Listed by programme level			
Administration		4,522	2,580
Housing Policy, Research and Monitoring		671	1,031
Housing Planning and Delivery Support		794	1,194
Housing Development Finance		4,642	2,346
Strategic Relations and Governance		1,381	1,187
Office of Chief of Operations		99	-
Total		12,109	8,338

	Note	2012/13	2011/12
		R'000	R'000
Confirmed balances with other departments	<i>Annex 5</i>	-	53
Confirmed balances with other government entities	<i>Annex 5</i>	-	23
Total		-	76

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21. EMPLOYEE BENEFITS

	Note	2012/13	2011/12
		R'000	R'000
Leave entitlement		8,335	7,053
Service bonus (thirteenth cheque)		6,005	5,879
Performance awards		5,055	4,305
Capped leave commitments		7,749	7,441
Total		27,144	24,678

2011/12 Staff receivables R684,000

2012/13 Staff receivables R711,000

22. LEASE COMMITMENTS

22.1. Operating leases expenditure

2012/13	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than one year	-	-	27,593	-	27,593
Later than one year and not later than five years	-	-	147,824	-	147,824
Total lease commitments	-	-	175,417	-	175,417

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than one year	-	-	14,097	-	14,097
Later than one year and not later than five years	-	-	81,908	-	81,908
Later than five years	-	-	10,051	-	10,051
Total lease commitments	-	-	106,056	-	106,056

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22.2. Finance leases expenditure**

2012/13	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than one year	-	-	-	2,116	2,116
Later than one year and not later than five years	-	-	-	1,168	1,168
Total lease commitments	-	-	-	3,284	3,284

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than one year	-	-	-	2,618	2,618
Later than one year and not later than five years	-	-	-	2,716	2,716
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	5,334	5,334
LESS: finance costs	-	-	-	616	616
Total present value of lease liabilities	-	-	-	4,718	4,718

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

23. IRREGULAR EXPENDITURE

23.1. Reconciliation of irregular expenditure

	Note	2012/13	2011/12
		R'000	R'000
Opening balance		18,284	15,285
Add: Irregular expenditure – relating to prior year		-	316
Add: Irregular expenditure – relating to current year		556	2,683
Less: Amounts condoned		(2,477)	-
Less: Amounts not recoverable (not condoned)		(9,797)	-
Irregular expenditure awaiting condonation		6,566	18,284

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Analysis of awaiting condonation per age classification	
Current year	214
Prior years	6,352
Total	6,566

23.2. Details of irregular expenditure – current year

	2012/13
	R'000
Official trip to Mpumalanga not approved	11
Foreign trip to New York not approved	166
SABC broadcasting services	342
Exceeding of approved contract i.r.o. cleaning services	37
Total	556

23.3. Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2012/13 R'000
Procurement procedures not followed for broadcasting service		342
Advertised period Kaelo Consulting		316
Advertised period Kaelo Consulting		1,819
Total		2,477

23.4. Details of irregular expenditures not recovered (not condoned)

Incident	Condoned by (condoning authority)	2012/13 R'000
Stipulations Practice note 8 of 2007/08		9,797
Total		9,797

23.5. Details of irregular expenditures under investigation

Incident	Condoned by (condoning authority)	2012/13 R'000
Acting allowance		794
No approved trip authority form		11
No approved submission for overseas trip		166
Total		971

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24. FRUITLESS AND WASTEFUL EXPENDITURE

24.1. Reconciliation of fruitless and wasteful expenditure

	Note	2012/13	2011/12
		R'000	R'000
Opening balance		3	3
Less: Amounts resolved		(3)	-
Fruitless and wasteful expenditure awaiting resolution		-	3

25. RELATED PARTY TRANSACTIONS

Revenue received	Note	2012/13	2011/12
		R'000	R'000
<i>List related party relationships</i>			

1. South African Housing Fund
2. Servcon
3. Social Housing Foundation
4. National Urban Reconstruction and Housing Agency
5. National Home Builders Registration Council
6. National Housing Finance Corporation
7. Thubelisha Homes
8. Rural Housing Loan Fund
9. Housing Development Agency
10. Social Housing Regulatory Authority
11. Estate Agency Affairs Board
12. Community Schemes Ombuds Service

26. KEY MANAGEMENT PERSONNEL

	No. of Individuals	2012/13	2011/12
		R'000	R'000
Political office bearers (provide detail below)	2	3,659	3,468
Officials:			
Level 15 to 16	10	12,126	8,810
Level 14	20	17,470	21,235
Family members of key management personnel	1	370	-
Total		33,625	33,513

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27. IMPAIRMENT

	Note	2012/13	2011/12
		R'000	R'000
Impairment			
Debtors		234	100
Total		234	100

28. PROVISIONS

	Note	2012/13	2011/12
		R'000	R'000
VAT vendors		59	46
Total		59	46

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29. MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Opening balance	Curr. year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	51,883	-	2,992	1,142	53,733
Transport assets	1,063	-	-	-	1,063
Computer equipment	25,199	-	1,856	836	26,219
Furniture and office equipment	14,714	-	382	213	14,883
Other machinery and equipment	10,907	-	754	93	11,568
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	51,883	-	2,992	1,142	53,733

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29.1. Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Cash R'000	Non-cash R'000	(Capital work-in progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	4,736	-	(1,744)	-	2,992
Computer equipment	1,856	-	-	-	1,856
Furniture and office equipment	382	-	-	-	382
Other machinery and equipment	2,498	-	(1,744)	-	754
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	4,736	-	(1,744)	-	2,992

Included in the asset figure are assets to the value of R600,000 which were not found during the asset verification and are still under investigation. These assets will be removed from the asset register once confirmed as lost and approval to write them off is obtained.

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29.2. Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013				
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT		1,142	1,142	-
Computer equipment	-	836	836	-
Furniture and office equipment	-	213	213	-
Other machinery and equipment	-	93	93	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	1,142	1,142	-

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29.3. Movement for 2011/12

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	50,279	2,506	902	51,883
Transport assets	1,682	-	619	1,063
Computer equipment	24,206	1,109	116	25,199
Furniture and office equipment	13,956	843	85	14,714
Other machinery and equipment	10,435	554	82	10,907
TOTAL MOVABLE TANGIBLE ASSETS	50,279	2,506	902	51,883

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29.4. Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2013						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1,105	-	14,844	-	15,949
Curr. year adjustments to prior year balances	-	-	-	235	-	235
Additions	-	-	-	764	-	764
Disposals	-	-	-	315	-	315
TOTAL MINOR ASSETS	-	1,105	-	15,528	-	16,633

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	5	-	76	-	81
Number of minor assets at cost	-	1,030	-	12,636	-	13,666
TOTAL NUMBER OF MINOR ASSETS	-	1,035	-	12,712	-	13,747

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	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1,097	-	13,444	-	14,541
Additions	-	8	-	1,526	-	1,534
Disposals	-	-	-	126	-	126
TOTAL MINOR ASSETS	-	1,105	-	14,844	-	15,949

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2012

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	5	-	65	-	70
Number of minor assets at cost	-	1,030	-	10,882	-	11,912
TOTAL NUMBER OF MINOR ASSETS	-	1,035	-	10,947	-	11,982

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29.5. Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2013						
Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total	
R'000	R'000	R'000	R'000	R'000	R'000	R'000
-	-	-	(315)	-	-	(315)
-	-	-	(315)	-	-	(315)
Assets written off						
TOTAL MOVABLE ASSETS WRITTEN OFF						

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2012						
Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total	
R'000	R'000	R'000	R'000	R'000	R'000	R'000
-	-	-	126	-	-	126
-	-	-	126	-	-	126
Assets written off						
TOTAL MOVABLE ASSETS WRITTEN OFF						

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30. INTANGIBLE CAPITAL ASSETS

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	3,581	-	30	-	3,611
TOTAL INTANGIBLE CAPITAL ASSETS	3,581	-	30	-	3,611

30.1. Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Cash	Non-Cash	(Development work in-progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	30	-	-	-	30
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	30	-	-	-	30

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30.2. Movement for 2011/12

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012				
	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
COMPUTER SOFTWARE	3,553	28	-	3,581
TOTAL INTANGIBLE CAPITAL ASSETS	3,553	28	-	3,581

31. IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Opening balance R'000	Curr. year adjust-ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	254,638	254,638	-
Other fixed structures	-	-	254,638	254,638	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	254,638	254,638	-

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31.1. Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Cash R'000	Non-cash R'000	(Capital work-in- progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	205,566	92,004	(42,932)	-	254,638
Other fixed structures	205,566	92,004	(42,932)	-	254,638
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	205,566	92,004	(42,932)	-	254,638

31.2. Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013				
	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received actual R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	254,638	254,638	-
Other fixed structures	-	254,638	254,638	-
TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	254,638	254,638	-

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

31.3. Movement for 2011/12

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	100,533	100,533	-
Other fixed structures	-	100,533	100,533	-
TOTAL IMMOVABLE TANGIBLE ASSETS	-	100,533	100,533	-

32. TRANSFER OF FUNCTIONS

Assets from the Department of Water Affairs (DWA) in the amount of R1,188,603.47 are not included in the asset register pending the submission of the transferring documents and the signatures of the Accounting Officers of both departments. Some of the assets are valued at R1.00 and others do not have value. These assets will be fair valued before capturing on the asset register.

Assets transferred to Defence in the amount of R476,953.61 were not acknowledged pending the signature of the Accounting Officer at Defence (PFMA, Section 42 paragraph 2). These assets are still appearing on the asset register of the Department. They were not removed from asset register as the transfer process has not been finalised.

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

33. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION			TRANSFER			SPENT			2011/12 Division of Revenue Act	
	Division of Revenue Act	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or national Department	Amount received by Department	Amount spent by Department		% of available funds spent by Department
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		%
Eastern Cape	2,292,859	-	-	2,292,859	2,008,046	284,813	-	2,008,046	2,001,816	100%	2,234,376
Free State	961,619	2,716	-	964,335	961,619	-	-	961,619	964,335	100%	958,007
Gauteng	4,003,776	-	-	4,003,776	4,003,776	-	-	4,003,776	4,001,589	100%	3,804,647
KwaZulu-Natal	2,915,297	-	-	2,915,297	2,915,297	-	-	2,915,297	2,915,297	100%	2,801,011
Limpopo	1,471,617	-	-	1,471,617	1,425,503	46,114	-	1,425,503	1,315,532	92%	1,420,388
Mpumalanga	965,127	-	-	965,127	965,127	-	-	965,127	953,062	99%	917,037
Northern Cape	339,551	-	-	339,551	339,551	-	-	339,551	339,538	100%	332,989
North West	1,050,933	-	-	1,050,933	1,050,933	-	-	1,050,933	1,050,855	100%	1,014,216
Western Cape	1,725,180	-	-	1,725,180	1,725,180	-	-	1,725,180	1,725,180	100%	1,638,845
Total	15,725,959	2,716	-	15,728,675	15,395,032	330,927	-	15,395,032	15,276,204	100%	15,121,516

10(a)(iii) & 10(b) The total amount of R15,725,959 allocated to provinces (b) An amount of R330,927 mil was withheld from Eastern Cape and Limpopo (c) No amounts were reallocated (d) Funds were transferred into the primary bank account of the provincial Human Settlements (e) The Human Settlements Development Grant (HSDG) was not utilised for other administrative purposes except in terms of operational capital budget (OPSCAP), which allows the provinces to utilise a certain percentage, maximum of 5%, of the voted allocation (grant) to support the approved national and provincial housing programmes and priorities.

Duties of National Department in terms of section 14(2)(b) and (c) of Division of Revenue Act, 2012, (Act No.5 of 2012) in respect of annual financial statements and annual reports for the 2012/13 Financial Year

1. According to the Human Settlements Development Grant Framework, gazette No. 35399, the National Department monitors the provinces based on the responsibilities stipulated in the framework. The National Department monitors the financial and non-financial performance on the HSDG by analyzing monthly financial expenditure reports and quarterly reports and thereafter submits the report to the National Treasury as requested by DoRA. The National Department reported the performance to the executive authority and managements structures such as MinMec. During the year the National Department conducted provincial quarterly reviews as part of monitoring both expenditure and delivery performance.
2. The allocation achieved its objective hence the delivery output were reported on a monthly, quarterly and annual basis. The explanations did report if there were any variances occurred including the reasons for variances.

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

34. STATEMENT OF GRANTS PAID TO THE PROVINCES FOR HOUSING DISASTER RELIEF GRANT

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER		SPENT			2011/12 Division of Revenue Act
	Amount R'000	Roll-overs R'000	Other adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	Amount received by Department R'000	Amount spent by Department R'000	% of available funds spent by Department %	
Eastern Cape	-	-	-	-	-	-	-	-	-	56,700
Free State	-	-	-	-	-	-	-	-	-	44,100
Gauteng	-	-	-	-	-	-	-	-	-	36
KwaZulu-Natal	-	-	-	-	-	-	-	-	-	31,140
Limpopo	-	-	-	-	-	-	-	-	-	21,474
Mpumalanga	-	-	-	-	-	-	-	-	-	360
Northern Cape	-	-	-	-	-	-	-	-	-	10,350
North West	-	-	-	-	-	-	-	-	-	15,840
Western Cape	-	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-	-	180,000

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

**ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2011/12	
	Division of Revenue Act R'000	Roll-overs R'000	Adjustments R'000	Total available	Actual transfer R'000	Funds withheld R'000	Re-allocations by National Treasury or national Department %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Buffalo	499,474	267,314	-	766,788	499,474	-	-	499,474	155,021	31%	423,446
Nelson Mandela Bay	592,870	-	-	592,870	592,870	-	-	592,870	314,414	53%	502,626
Mangaung	485,967	128,578	-	614,545	485,967	-	-	485,967	300,192	62%	411,995
Ekurhuleni	1,212,537	-	-	1,212,537	1,212,537	-	-	1,212,537	607,300	50%	1,094,276
City of Johannesburg	1,290,748	76,439	-	1,367,187	1,290,748	-	-	1,290,748	483,366	37%	1,027,970
City of Tshwane	1,051,070	10,118	-	1,061,188	1,051,070	-	-	1,051,070	610,211	58%	891,081
EThekweni	1,287,560	28,369	-	1,315,929	1,287,560	-	-	1,287,560	386,507	30%	1,091,574
City of Cape Town	971,980	70,869	-	1,042,849	971,980	-	-	971,980	483,346	50%	824,030
TOTAL	7,392,206	581,687	-	7,973,893	7,392,206	-	-	7,392,206	3,340,357		6,266,998

13(1)(a) The total amount of R7,392,206 was transferred to municipalities (b) No amounts have been withheld (c) No amounts were reallocated (d) All funds were transferred into the primary bank account of the municipalities or, where appropriate, into the CPD account.

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

**ANNEXURE 1C
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12 Appropriation Act
	Adjusted appropriation R'000	Roll-overs R'000	Adjust-ments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	
Housing Development Agency	92,336	-	-	92,336	92,336	100%	89,100
NURCHA	120,000	-	-	120,000	120,000	100%	100,00
Social Housing Regulatory Authority	668,497	-	-	668,497	668,497	100%	245,474
Rural Housing Loan Fund	31,975	-	-	31,975	31,975	100%	49,500
TOTAL	912,808	-	-	912,808	912,808		484,074

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 1D
STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

UNIVERSITY/TECHNIKON	TRANSFER ALLOCATION				TRANSFER			2011/12 Appropriation Act R'000
	Adjusted appropriation R'000	Roll-overs R'000	Adjust-ments R'000	Total available R'000	Actual transfer R'000	Amount not transferred R'000	% of available funds transferred %	
Nelson Mandela Metropolitan University	3,090	-	-	3,090	3,090	-	-	-
TOTAL	3,090	-	-	3,090	3,090	-	-	-

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

**ANNEXURE 1F
STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2011/12 Appropriation Act R'000
	Adjusted Appropriation Act	Roll-overs	Adjust-ments	Total available	Actual transfer	% of available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
United Nations Human Settlements	1,000	-	-	1,000	850	85%	462
Cities Alliance	280	-	-	280	429	153%	-
Total	1,280	-	-	1,280	1,279		462

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 1G
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION			EXPENDITURE		2011/12 Appropriation Act R'000	
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjust-ments R'000	Total available R'000	Actual transfer R'000		% of available funds transferred %
NON-PROFIT INSTITUTIONS							
Transfers							
SAPI Conference	400	-	-	400	400	100%	
Total	400	-	-	400	400	-	

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 1H
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2011/12 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjust-ments R'000	Total available R'000	Actual transfer R'000	
Transfers						
Leave gratuity	314	-	-	314	249	79%
Bursaries (Non-employee)	13,820	-	-	13,820	13,820	100%
Total	14,134	-	-	14,134	14,069	8,020

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2012 R'000	Guarantees draw downs during the year R'000	Guarantees repayments/ cancelled/ reduced/ released during the year R'000	Revaluations R'000	Closing balance 31 March 2013 R'000	Guaranteed interest for year ended 31 March 2013 R'000	Realised losses not recoverable i.e. claims paid out R'000
	Housing								
Standard Bank	Housing	52	52	-	-	-	52	-	-
Old Mutual	Housing	17	17	-	-	-	17	-	-
Mpumalanga Housing Finance	Housing	16	16	-	-	-	16	-	-
	TOTAL	85	85	-	-	-	85	-	-

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

**ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2012**

Nature of liability	Opening balance 1 April 2012	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2013
	R'000	R'000	R'000	R'000	R'000
Claims against the Department					
B Maseko		6	6	-	-
Tsoga ka Bohlaswa Trading Enterprise Mafofha (MVA)		401 24	- -	- -	401 24
Subtotal	-	431	6	-	425
Other					
Department of Public Works (Accommodation charges for a building at 260 Justice Mahomed Street in respect of which the Department has not taken occupancy. Invoices were received but could not be paid for as they are considered to be under dispute.)		22,413			22,413
Subtotal	-	22,413	-	-	22,413
TOTAL	-	22,844	6	-	22,838

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

**ANNEXURE 4
CLAIMES RECOVERABLE**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
GCS	-	5,295	15,005	-	15,005	5,295
Department of Arts and Culture	21	-	-	21	21	21
STATS SA	-	-	-	1	-	1
Unemployment Insurance Fund	-	-	-	1	-	1
Department of Justice	-	21	11	-	11	21
Gauteng Housing	-	-	-	11	-	11
South African Police Services	-	-	8	-	8	-
Department of Social Development	-	-	-	9	-	9
International Relations & Cooperation (Foreign Affairs)	-	-	23	-	23	-
Department of Water Affairs	43	-	-	-	43	-
Department of Correctional Services	-	-	53	-	53	-
Department of Trade & Industry	-	-	41	-	41	-
Total	64	5,316	15,141	43	15,205	5,359

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

**ANNEXURE 5
INTER-GOVERNMENT PAYABLES**

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
GOVERNMENT ENTITY						
DEPARTMENTS						
Current						
Presidency	-	21	-	-	-	21
Water Affairs	-	-	-	76	-	76
Limpopo Provincial Government	-	4	-	-	-	4
Department of Finance Gauteng	-	28	-	-	-	28
South African Police Service	-	-	8	-	8	-
Subtotal	-	53	8	76	8	129
OTHER GOVERNMENT ENTITY						
Current						
Government Printing Works	-	15	-	-	-	15
PALAMA	-	8	-	-	-	8
Subtotal	-	23	-	-	-	23
Total	-	76	8	76	8	152

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

**ANNEXURE 6
INVENTORY**

Inventory	Note	Quantity	2012/13 R'000	Quantity	2011/12 R'000
Opening balance		26,480	135	29,905	170
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/purchases - Cash		99,541	247,436	40,833	205
Add: Additions - Non-cash		10,430	-	-	-
(Less): Disposals		-	-	-	-
(Less): Issues		(101,215)	(247,413)	(44,258)	(239)
Add/(Less): Adjustments		-	-	-	-
Add/(Less): Weighted average price variance		-	8	-	(1)
Closing balance		35,236	166	26,480	135

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013**

**ANNEXURE 7
MOVEMENT IN CAPITAL WORK IN PROGRESS**

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2013				
	Opening balance	Current year capital WIP	Completed assets	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	92,004	42,932	92,004	42,932
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	92,004	42,932	92,004	42,932
TOTAL	92,004	42,932	92,004	42,932

**ANNEXURE 8A
INTER-ENTITY ADVANCES PAID (Note 17)**

	Confirmed balance		Unconfirmed balance		TOTAL	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
GCIS	15,005	5,295	-	-	15,005	5,295
DIRCO	23	-	-	-	23	-
TOTAL	15,028	5,295	-	-	15,028	5,295

SOUTH AFRICAN HOUSING FUND
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2013

POSITION	Notes	31 March 2013	31 March 2012
		R'000	R'000
ASSETS			
Current assets		32,585	32,585
Trade and other receivables	2	-	-
Cash and cash equivalents	5	32,585	32,585
TOTAL ASSETS		32,585	32,585
EQUITY AND LIABILITIES			
Capital and reserves		31,958	31,958
Nondistributable reserves			
Accumulated profits/(losses)		31,958	31,958
Current liabilities		627	627
Trade and other payables	3	627	627
TOTAL EQUITY AND LIABILITIES		32,585	32,585

**SOUTH AFRICAN HOUSING FUND
CASH FLOW STATEMENT
for the year ended 31 March 2013**

CASH FLOW	Note	31 March 2013	31 March 2012
		R'000	R'000
CASH FLOWS FROM FINANCE ACTIVITIES:			
(Increase)/Decrease in financial instruments		-	-
Net cash inflow/(outflow) from investing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		32 585	32 585
Cash and cash equivalents at end of period	5	32 585	32 585

**SOUTH AFRICAN HOUSING FUND
ACCOUNTING POLICIES
for the year ended 31 March 2013**

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 2003/04, 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 commence and draft legislation is in the process of being approved to give effect to that decision. The delisting of the South African Housing Fund was approved with effect from 18 November 2003. The Department has commenced a process of developing a Green Paper. This process will culminate into a Human Settlement Act which will repeal the current Housing Act.

2. ACCOUNTING AUTHORITY'S EMOLUMENTS

In terms of section 11(5)(a) of the Housing Act (Act No. 107 of 1997) the Director-General of Human Settlements 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 Human Settlements (previously Department of Housing).

3. AUDITORS

In terms of section 188 of the Constitution of the Republic of South Africa (Act No. 108 of 1998) read with sections 4 and 20 of the Public Audit Act (Act No. 25 of 2004) and section 11(8) of the Housing Act (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 annual financial statements set out on pages 250 to 254 for the South African Housing Fund were approved by the Accounting Officer.

**SOUTH AFRICAN HOUSING FUND
ACCOUNTING POLICIES
for the year ended 31 March 2013**

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. The entity no longer conducts its function in terms of the National Housing Act and is waiting 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.

**SOUTH AFRICAN HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
for the year ended 31 March 2013**

No.		31 March 2013	31 March 2012
		R'000	R'000
2.	TRADE AND OTHER RECEIVABLES		
	Debtors	421	421
	Less: Provision for bad debt	(421)	(421)
		-	-
3.	TRADE AND OTHER PAYABLES		
	Post office account	627	627
		627	627

4. **Disestablishment of the SA Housing Fund**

At the meeting of MINMEC on 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.

	31 March 2013	31 March 2012
	R'000	R'000

NOTES TO THE CASH FLOW STATEMENT

5. **Cash and cash equivalents**

Cash on hand	25,229	25,229
Cash with CPD	7,356	7,356
	32,585	32,585

