

ANNUAL REPORT



2018/19



human settlements
Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

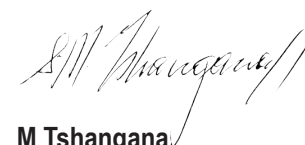
HOUSES, SECURITY & COMFORT



**LN SISULU (MP), MINISTER
DEPARTMENT OF HUMAN SETTLEMENTS**

I have the honour of submitting the Annual Report of the Department of Human Settlements for the period 1 April 2018 to 31 March 2019 for tabling in the National Assembly on 30 September 2019.

**ANNUAL REPORT
2018/19**



M Tshangana
Director-General
Date: 31 March 2019

TABLE OF CONTENTS

PART A: PERFORMANCE INFORMATION	4
1. DEPARTMENT GENERAL INFORMATION	5
2. LIST OF ABBREVIATIONS	6
4. FOREWORD BY THE MINISTER	9
5. DEPUTY MINISTER'S STATEMENT	10
6. REPORT OF THE ACCOUNTING OFFICER	12
7. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT	18
8. STRATEGIC OVERVIEW	19
9. LEGISLATIVE AND OTHER MANDATES	19
10. ORGANISATIONAL STRUCTURE	23
11. ENTITIES THAT REPORT TO THE MINISTER	24
1. REPORT OF THE AUDITOR-GENERAL ON PREDETERMINED OBJECTIVES	25
PART B: PERFORMANCE INFORMATION	25
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE	26
3. STRATEGIC OUTCOME-ORIENTED GOALS	29
4. PERFORMANCE INFORMATION BY PROGRAMME	30
5. TRANSFER PAYMENTS	59
6. CONDITIONAL GRANT	64
7. DONOR FUNDING	75
8. CAPITAL INVESTMENT	75

PART C: GOVERNANCE	76
1. INTRODUCTION	77
2. RISK MANAGEMENT	77
3. FRAUD AND CORRUPTION	77
4. MINIMISING CONFLICT OF INTEREST IN SUPPLY CHAIN MANAGEMENT	79
5. CODE OF CONDUCT	80
6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	80
7. PARLIAMENTARY COMMITTEES	81
8. SCOPA RESOLUTIONS	90
9. PRIOR MODIFICATIONS AUDIT REPORTS	90
10. INTERNAL AUDIT AND AUDIT COMMITTEES	91
PART D: HUMAN RESOURCE MANAGEMENT	95
1. INTRODUCTION	96
2. OVERVIEW OF HUMAN RESOURCES	96
3. HUMAN RESOURCE OVERSIGHT STATISTICS	98
PART E: FINANCIAL INFORMATION	125
REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 38: NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS	126
AUDITED ANNUAL FINANCIAL STATEMENTS	131
ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT	192

PART A:
PERFORMANCE INFORMATION

1. DEPARTMENT GENERAL INFORMATION

PHYSICAL ADDRESS:

Department of Human Settlements
Govan Mbeki House
240 Justice Mahomed Street
Sunnyside
Pretoria

POSTAL ADDRESS:

Private Bag X644
Pretoria
0001

TELEPHONE NUMBER:

+27 12 421 1311

FAX NUMBER:

+27 12 341 8512

EMAIL ADDRESS:

info@dhs.gov.za

WEBSITE ADDRESS:

www.dhs.gov.za

2. LIST OF ABBREVIATIONS

AG:	Auditor-General
AFS:	Annual Financial Statements
APP:	Annual Performance Plan
B-BBEE:	Broad-Based Black Economic Empowerment
BEE:	Black Economic Empowerment
BNG:	Breaking New Ground
BP:	Business Processes
CFO:	Chief Financial Officer
CIS:	Cooperative Incentive Scheme
CRU:	Community Residential Units
CoE:	Compensation of Employees
COGTA:	Cooperative Governance and Traditional Affairs
COSO:	Committee of Sponsoring Organizations
CPI:	Consumer Price Index
CSOS:	Community Schemes Ombud Services
CPP:	Catalytic Projects Programme
CTA:	Certificate in the Theory of Accountancy
CWP:	Community Workers Programme
DANIDA:	Danish International Development Agency
DBC:	Departmental Bargaining Chamber
DCOG:	Department of Cooperative Governance
DDG:	Deputy Director General
DEA:	Department of Environmental Affairs
DFI:	Development Finance Institutions
DG:	Director General
DHS:	Department of Human Settlements (Also Department in this Report)
DIRCO:	Department of International Relations and Cooperation
DM:	Deputy Minister
DORA:	Division of Revenue Act
DOT:	Department of Transport

DPSA:	Department of Public Service and Administration
DRDLR:	Development of Rural Development and Land Reforms
EAAB:	Estate Agency Affairs Board
EAH:	Employer Assisted Housing
EC:	Eastern Cape
ECD:	Early Childhood Development Centres
ECOSOC:	Economic and Social Council
EE:	Employment Equity
EFF:	Economic Freedom Fighters
EHW:	Employee Health and Wellness
EHWP:	Employee Health and Wellness Programme
EMT:	Executive Management Team
ENE:	Estimate of National Expenditure
EPHP:	Enhanced People's Housing Process Programme
EPMDS:	Employee Performance Management Development Systems
EPWP:	Expanded Public Works Programme
FLISP:	Finance Linked Individual Subsidy Programme
FOSAD:	Forum for South African Directors-General
FNB:	First National Bank
GCIS:	Government Communication and Information Systems
G20:	Group of 20
GDP:	Gross Domestic Product
GEHS:	Government Employees Housing Scheme
GHCC:	Gauteng Housing Crisis Committee
GHS:	Government Housing Scheme
GIZ:	German Development Agency
GMA:	Govan Mbeki Awards
GP:	Gauteng Province

GTAC:	Government Technical Advisory Centre
HCT:	Hematocrit
HDA:	Housing Development Agency
HDI:	Historically Disadvantaged Individual
HIV:	Human Immunodeficiency Virus
HLAMDA:	Home Loans and Mortgage Disclosure Act
HR:	Human Resource
HRP:	Human Resource Plan
HSDB:	Human Settlements Development Bank
HSDG:	Human Settlements Development Grant
HSS:	Housing Subsidy System
IBSA:	India, Brazil and South Africa
ICORCE:	International Construction Research Conference And Exhibition
ICT:	Information and Communication Technology
IFS:	Interim Financial Statements
IDP:	Integrated Development Plan
IGR:	Inter-Governmental Relations
IGTT:	Inter-Governmental Task Team On Pomfret
IMS:	Information Management System
IMTT:	Inter-Ministerial Task Team
IP:	Implementation Protocols
IRDP:	Integrated Residential Development Programme
IMC:	Inter-Ministerial Committee
IT:	Information Technology
IUDF:	Integrated Urban Development Framework
JBMC:	Joint Branch Management Committee
JCC:	Joint Coordinating Committee
JICA:	Japan International Cooperation Agency
KZN:	Kwazulu-Natal
KM:	Knowledge Management
KRA:	Key Result Area

LGSETA: Local Government Sector Education Training Authority

MCSP: Municipal Capacity Support Programme

M&E: Monitoring and Evaluation

MEC: Member of Executive Council

MEIA: Monitoring, Evaluation And Impact Assessment

MHSCG: Municipal Human Settlements Capacity Grant

MinMec: Minister and Members of Executive Council

MOU: Memorandum of Understanding

MPAT: Management Performance Assessment Tool

MSP: Master Spatial Plan

MTEF: Medium Term Expenditure Framework

MTOP: Ministerial Top Management

MTSF: Medium Term Strategic Framework

MTTHUD: Ministry of Transport, Infrastructure, Housing and Urban Development

NA : National Assembly

NARS: National Archives and Records Services

NC: Northern Cape

NCA : National Construction Agency

NCOP: National Council Of Provinces

NDHS: National Department of Human Settlements (Also Department in this Report)

NDMAF: National Disaster Management Advisory Forum

NDMC: National Disaster Management Centre

NDP: National Development Plan

NEDLAC: National Economic Development and Labour Council

NHBRC: National Home Builders Registration Council

NHFC: National Housing Finance Corporation

NHNR: National Housing Needs Register

NRRTT: National Rapid Response Task Team

NT: National Treasury

NTT: National Transport Forum

NUA: New Urban Agenda

NURCHA: National Urban Reconstruction and Housing Agency

NUSP: National Upgrade Support Programme

NW: North West

OAG: Office of the Accountant General

OECD: Organization Economic Cooperation Development

OHS: Occupational Health and Safety

OPSCAP: Operation Capital Subsidy Programme

PAIA: Promotion of Access to Information Act

PDF: Programme Delivery Facilitation

PFMA: Public Finance Management Act

PhD: Doctor of Philosophy

PHDAs: Priority Housing Development Areas

PHP: People's Housing Process

PIE: Prevention of Illegal Eviction

PLM: Project Level Monitoring

POLERT: Policy and Legal Expert

PMDS: Performance Management Development System

PM&E: Performance Monitoring and Evaluation

PPP: Public Private Partnership

P&PP: Programme and Project Planning

PPMU: Programme and Project Planning Management Unit

PRT: Professional Resource Teams

PSCBC: Public Service Co-Ordinating Bargaining Council

PSETA: Public Service Sector Education and Training Authority

PSCBC: Public Service Co-Ordinating Bargaining Council

RDP: Reconstruction and Development Programme

RFQ : Request for Quotation

RHLF: Rural Housing Loan Fund

RMC : Risk Management Committee

RZ : Restructuring Zones

SA: South Africa

SACN: South African Cities Network

SACTSP: South Africa-Cuba Technical Support Programme

SAHF: South African Housing Fund

SALGA: South African Local Government Association

SANMVA: South African National Military Veterans Association

SANSA : South African National Space Agency

SAPS: South African Police Services

SARS: South African Revenue Services

SAWIC: South African Women in Construction

SCAPLAN: South African Council or Planners

SCM: Supply Chain Management

SCOPA: Standing Committee on Public Accounts

SDIP: Service Delivery Improvement Plan

SDG : Strategic Development Goal

SDI : Slum Dwellers International

SDOT: Service Delivery and Organisational Transformation Framework

SHI: Social Housing Institutions

SHP: Social Housing Policy

SHRA: Social Housing Regulatory Authority

SIP: Strategic Integrated Projects

SISnet: Slums And Informal Settlement Network

SITA:	State Information Technology Agency
SIU:	Special Investigation Unit
SLA:	Service Level Agreement
SMS:	Senior Management Services
SONA:	State of The Nation Address
SOP:	Standard Operating Procedure
SQL:	Structured Query Language
SPCHD:	Social Protection Community & Human Development
SPLUMA:	Spatial Planning and Land Use Management Act, 2013
SSA:	State Security Agency
StatsSA:	Statistics South Africa
STSM:	Sectional Title Scheme Management
TDRG:	Tittle Deeds Restoration Grant
TID:	Technical Indicator Description
ToR:	Terms of Reference
UAMP:	User Asset Management Plan
UISP:	Upgrading of Informal Settlements Programme
UN:	United Nations
URP:	Urban Renewal Programme
USDG:	Urban Settlement Development Grant
VLAN:	Virtual Local Area Network
WC:	Western Cape
WCPDHS:	Western Cape Provincial Department of Human Settlements
WSP:	Workplace Skills Plan



4. FOREWORD BY THE MINISTER



The Department of Human Settlements serves a special function in the government's effort to change the lives of South Africans for the better and in overhauling the apartheid spatial planning and patterns of social exclusion. During the past financial year, we have stayed true to this mandate by continuing to augment the work of our predecessors in creating sustainable human settlements and improving the quality of life for households.

It was during the period under review that we reached the milestone of providing in excess of 4,7 million housing opportunities through our various housing programmes, which benefitted millions of South Africans.

It is also worth noting that we achieved this under trying times of budget cuts, with the Department having lost in excess of R10 billion of its budget over the years. This has resulted in a decline in the provision of human settlements, whilst the demand is forever on the rise.

We criss-crossed the country handing over houses to the elderly, the disabled and child-headed households. We saw the tears of joy as people took first-time ownership of their houses and handed over title deeds.

Together with Members of Executive Council (MECs) from all our provinces, we were also confronted by the reality of the rising and legitimate expectations of our people for housing. We experienced disasters that needed urgent attention and a responsive government. We were confronted by evictions from our social housing programmes of people who, for one reason or another, had lost their

source of income and were unable to pay the highly subsidised rentals and had no other place to go to. This is one area we will have to grapple with and if it needs to be re-looked in terms of the policies, then it is an exercise that we will have to undertake with the necessary care.

It became clear to us that more still needs to be done to turn the Department of Human Settlements (DHS), and government in general, into a Department that is much more responsive to the needs of our people. This is something that the Department is going to improve on in the coming financial years.

The period under review has also taught us the value of engaging our communities directly and on an on-going basis. The DHS needs to make sure that it is rooted in our communities, in terms of how it carries out its mandate, to empower them and take them along with us as we seek to improve their living conditions.

A lot of work has gone into finding the best possible answers to reverse apartheid spatial planning. The human settlements priority residential areas are one such intervention. These well-located and

integrated human settlements catalytic projects will be rolled out in all nine provinces in the coming years.

The future benefits these projects will provide in changing apartheid spatial planning into integrated living spaces consisting of all social amenities required by communities, including business centres and industrial zones cannot be over-emphasised. If properly implemented in partnership with our provinces, municipalities and the private sector, they hold the promise of a better future for South Africa and her people.

This Annual Report is an account of what the DHS has done in the past financial year in working towards achieving that goal.

LN Sisuslu, MP
Minister

5. DEPUTY MINISTER'S STATEMENT



South Africa is recognised globally as having made significant strides in the provision of adequate housing to the poor and the vulnerable people. We are proudly celebrating 25 years of our democracy and we have provided more than 4.7 million housing opportunities to our people. With the lingering poverty, unemployment and inequality in our country, this makes all the achievements and strides we have made in this regard seems less essential.

However, in an effort to accelerate economic growth, tackle poverty and inequality there is a realisation that we need to build a modern developmental state that has the means to drive economic and social transformation, to embrace innovation and direct efforts and resources towards where they will have the greatest impact. Therefore, to unlock the developmental synergy we spoke about during our budget vote speech in the National Assembly earlier this month, we have since begun a process of engaging with our communities and stakeholders to find lasting solutions to the problems they face every day.

We will continue to strengthen our efforts to deliver housing and to support SMMES to play an active role in the human settlement value chain. We have seen that building houses through the PHP model works, it delivers in large numbers and the impact thereof results in decent shelter, capacity building, empowerment programmes and job creation. The Department has supported the establishment of construction and non-construction Cooperatives, to deliver various services in the human settlements value chain.

As South Africa deepens and broadens its democracy, the programmes of the Department should reflect that reality. We should promote more programmes that promote Self Help, through the implementation of PHP Projects now renamed the Zenzeleni Housing Campaign to address housing for vulnerable communities including Military Veterans, upgrading of informal settlements and allocation of serviced sites, in turn increase the rate of delivery and make a huge dent in reversing the housing backlog and job creation.

A classic example of this is the successful execution of the PHP programme in the Vulindlela Rural Housing Project in Kwa Zulu Natal which will deliver 25 000 housing units on completion and are currently standing at more than 22 000 housing units delivered.

We will also visit and hand over houses/projects built using this methodology in the Nelson Mandela Bay Metro, Viljoenskroon in Free State, Mosselbay, George and Knysna where government is implementing PHP projects. The most critical and urgent aspect is also to address the backlog of title deeds hence we have resolved that every Fridays we must hand over title deeds in all Provinces.

We wish to continue to urge all provinces that have not started implementing the decision of MinMEC to allocate 30% of their budget to women to start doing so.

We will also visit a social housing project in Daggafontein being implemented by young people under the company Lets Care and the Social Housing Regulatory Authority (SHRA).

Young people have come forward and showed us what they can do to assist in reversing the backlog using innovative building technologies whilst creating jobs and cementing the country's place in the 4th industrial revolution.

We remain resolute in our endeavour to create jobs and fight unemployment especially amongst the youth. We will continue facilitating skills transfer and job creation opportunities in the built environment, we call on government and the private sector to ensure that 10% of mega projects, 10% of all Human Settlements projects contracts, and 20% allocation of serviced sites favours the youth. We will ensure that young people

also have access to professional development like Bursaries and Scholarships, Conveyancing through provision of title deeds, Learnerships through Estate Agents Affairs and CETA Pathway.

As we embark on this New Dawn we call on all the sector stakeholders, the youth, women and people with disabilities to be at the forefront of their own development thereby creating an active citizenry.



Ms P Tshwete
Deputy Minister

6. REPORT OF THE ACCOUNTING OFFICER



- i. An annual report on the activities of that Department for the financial year.
- ii. The financial statements for that financial year, after the statements have been audited.
- iii. The Auditor-General's (AG) report on the financial statements.

The Accounting Officer must also ensure that the annual report and the report of the AG is then submitted for tabling in Parliament.

Therefore, in keeping with the legislative prescripts outlined, I take pleasure in presenting the 2018/2019 Annual Report of the National Department of Human Settlements (NDHS).

The human settlements programmes and projects that were implemented in the reporting period under review are guided and framed by the Constitution, applicable legislative principles, Chapter 8 of the National Development Plan (NDP) and the Medium Term Strategic Framework (MTSF) for 2014-19. The NDP directs that the Department take steps to ensure a national coordinated spatial planning programme that transforms South Africa

from its current stubborn disintegrated, racially divided and unjust form into equitable, efficient and functional living spaces. It requires that human settlements are located in close proximity to economic opportunities, and social amenities and services, such as schools, healthcare, recreation and places of worship. Collectively, these facilities must promote the overall well-being of all households, whilst also fostering social cohesion.

We commenced the financial year with a negative economic and fiscal outlook, which gave rise to a reduction in budget allocations to government departments, state-owned entities and companies. In this regard, the budget allocation of the Department was reduced to R32.4 billion, following a R3 billion cut effected by the national fiscus. Notwithstanding the economic constraints and the consequential budget cuts, the Department remained undeterred in its resolve to improve the living conditions of poor and low-income households in particular. In partnership with provinces and municipalities, we delivered a total of 125 618 housing opportunities funded from the Human Settlements Development Grant (HSD). The primary beneficiaries of our housing

opportunities were the elderly, destitute people, women, child-headed households and people living with a disability.

A total of R11.3 billion of the Urban Settlements Development Grant (USDG) was disbursed to metropolitan municipalities and used as a supplementary capital grant to deliver much-needed human settlements infrastructure like bulk sewer, electricity, roads, etc. In accordance with section 19 (1) (b) of the Division of Revenue Act, 2018, we undertook an analysis of expenditure of the USDG and agreed with NT to stop the transfer of R400 million of the USDG budget to municipalities that failed to meet spending thresholds and outcomes. The R400 million was reallocated to municipalities that had demonstrated a need and an ability to spend additional funding on existing projects and achieve the required outcomes.

The Upgrading of Informal Settlements Programme is one of the Department's apex programmes. Through this programme, government is able to bring concrete positive change to the lives of poor households by delivering essential services such as water, sanitation, sewer

In terms of Section 40 (d) of the Public Finance Management Act, 1 of 1999, an Accounting Officer is enjoined to submit the following to the Department of Performance Monitoring and Evaluation, National Treasury (NT) and the Executive Authority within five months of the financial year end:

connections with toilets, access roads, energy and area lighting. A total of 98 603 households were beneficiaries of this programme. Through a collaborative effort between the Department, provinces and municipalities, our aim is to progressively realize the right of access to adequate housing.

During the reporting period, we undertook the funding for both planning and implementation of 50 catalytic projects that are strategically focused to realise a socially, economically and spatially integrated housing delivery trajectory in all nine provinces. Of the 50 projects, 24 are in the planning phase and 26 are in either the servicing or house construction phase.

Notable strides have been made in the endeavour to professionalize the human settlements sector, and thereby improve capacity, expertise and the performance of the sector. As a result, 75 youth have benefitted from our scholarship programme and tuition, accommodation, study materials, meals and stipends were funded. The study disciplines being funded include; Civil Engineering, Building Management, Architecture, Construction Management and Surveying.

In association with the University of Fort Hare, Nelson Mandela University, Free State University, University of KwaZulu-Natal and University of South Africa, a further 639 housing and human settlements practitioners received training in Human Settlements Policies, Batho Pele Change Management and Human Settlements Consumer Education. A total of 180 individuals were trained, including councillors, traditional leaders and municipal officials. We also extended the training to include Members of Parliament and Parliamentary support staff.

In March 2019, the National Assembly and the National Council of Provinces approved the Property Practitioners Bill. This step was preceded by intensive nation-wide stakeholder consultation sessions that were spearheaded by the Department, in partnership with the Estate Agency Affairs Board. The passing of the Bill by Parliament was a ground-breaking accomplishment, as the Property Practitioners Bill advances the transformation of the property sector as a whole. The Bill provides for measures that promote the participation of young persons, black women and people living with a disability, in order to reflect the demographics of South Africa in the sector.

As a Department, we recognise the inability of low-income and middle-income households to access affordable and adequate housing, due to the lack of access to end-user mortgage finance from commercial banks and accredited financial service providers. In addition, the reality is that a substantial number of young black and female entrepreneurs experience difficulty in accessing funding, which would allow them to participate and scale up their operations in the sector.

The operationalisation of the Human Settlements Development Bank (HSDB), has now been completed, with the institutional consolidation of the Rural Housing Loan Fund (RHLF), National Urban Reconstruction and Housing Agency (NURHA) and the National Housing Finance Corporation (NHFC). The legislative process will now commence in earnest. This will provide the Department with an opportunity to ensure that there is a coordinated state-led funding programme to transform the state and private housing and human settlements delivery chain. It will allow for the introduction of progressive, accessible and affordable financial products and services to households and service providers, to improve and ensure better

public-private sector funding leveraging. This will result in optimal financial performance when using available state funding.

In terms of Section 125 (2) and (3) of the Constitution, all national Departments have a duty to provide support to provinces and municipalities that implement functions or responsibilities that are derived from national legislation. As a Department, we have put in place measures by activating inter-governmental initiatives, including building on the governance, technical planning and implementation partnership established with the Nelson Mandela Bay Metro Municipality in 2015. This initiative has been now extended to Buffalo City Metro Municipality. The positive impact has resulted in improved outcome performance and output from the Provincial Eastern Cape DHS, Buffalo City Municipality and the Nelson Mandela Metropolitan Municipality. In addition, the Department has provided additional inter-governmental governance, financial and technical support to the Gauteng, KZN and North West Provincial DHS and the eThekweni Metro Municipality.

I am pleased to also draw attention to the fact progressive improvement in financial performance, management and governance has continued, although there is still work to be done on ensuring improved alignment between financial and non-financial performance outcomes. As a result, with the assistance of NT and the Office of Auditor-General, the Department is reviewing matters related to determination, adequacy, and consistency between financial performance, performance contracting and reporting. The achievement of this objective will then result in improved accountability and responsibility, and demonstrate providing value for money by the Department.

Overview of the Financial Results of the Department

Departmental Receipts

The departmental receipts only emanate from the administrative activities that relate to the commission earned on the payroll withholdings, staff members' parking refunds, telephone use refunds and garnishee orders. The Department does not render any direct services to

the public, therefore there is no policy on tariffs and there were no free services rendered by the Department. Bad debt is written off in terms of the Debtors Management Policy of the Department. During the year under review, debt amounting to R567 000 were written off. The table below presents a summary of the departmental receipts for the year under review.

Departmental Receipts	2018/19			2017/18		
	Estimated Amount	Actual Amount Collected	(Over)/ Under Collection	Estimated Amount	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licenses	-	-	-	-	-	-
Motor vehicle licenses	-	-	-	-	-	-
Sale of goods and services other than capital assets	208	206	2	210	207	3
Transfers received						-
Fines, penalties and forfeits						-
Interest, dividends and rent on land	22	652	(630)	22	53	(31)
Sale of capital assets		174	(174)			-
Transactions in financial assets and liabilities	620	532	88	220	343	(123)
Total	850	1 564	(714)	452	603	(151)

Programme Expenditure

Programme Name	2018/19			2017/18		
	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
1. Administration	448 188	410 879	37 309	464 069	419 775	44 294
2. Human Settlements Policy, Strategy and Planning	97 141	90 106	7 035	111 253	99 854	11 399
3. Programme Delivery Support	231 507	174 532	56 975	205 119	156 547	48 572
4. Housing Development Finance	31 679 007	31 519 867	159 140	32 697 260	32 694 309	2 951
Total	32 455 843	32 195 384	260 459	33 477 701	33 370 485	107 216

The Department's total expenditure for the period ending 31 March 2019 was R32.1 billion, which represents approximately 99.2% of the allocated funds. The under-spending of R260.4 million translates into 0.8% of the total allocation.

Reason for Under-spending

Programme 1: Administration

The programme underspent by R37.3 million or 8.3% of the adjusted allocation of R448.1 million. In terms of current payments, the under-spending was due to following:

- Vacant positions could not be filled, as funding shortages over the Medium Term Expenditure Framework (MTEF) limited the number of positions that could be filled. This also resulted in less equipment being bought than was anticipated.

- Goods and Services under-spending can mainly be attributed to:
 - Internal Audit, Risk Management and Special Investigation, due to the delay in appointing service providers to augment capacity for the Internal Audit, Risk Management and Investigations Unit;
 - Under-performance by Management Information Services, which underspent on computer services due to a delay with implementing the migration project, payment of Microsoft licence fees and the implementation of Virtual Private Network.

Programme 2: Human Settlements Policy, Strategy and Planning

There was under-spending of R7 million or 7.2%% of adjusted allocation. On

current payments, the under-spending was due to following:

- Vacant positions could not be filled as funding shortages with the MTEF limited the number of positions that could be filled. This also resulted in less equipment being bought than was anticipated.
- Under-spending on Goods and Services can mainly be attributed to:
 - Expenditure on consultant related activities was slow, as teams only started to work in the latter part of the financial year. These consultants are the municipal capacity support panel and consultant drafting of the guidelines for special housing needs.
 - Funds provided for MTSF development remained unspent, as preparatory work was done internally.

Programme 3: Programme Delivery Support

The programme underspent by R57 million (24.6%) of the adjusted allocation.

On current payments, the under-spending is due to following:

- Vacant positions could not be filled as funding shortages with the MTEF limited the number of positions that could be filled. This also resulted in less equipment being bought than was anticipated.
- Goods and Services under-spending can mainly be attributed to:
 - National Upgrade Support Programme (NUSP) underspent due to late commencement of the procurement process to secure the services of a panel of Professional Resource Teams (PRTs).

- Service providers that are to provide provincial and municipal intervention support, Title Deeds Restoration Grant support and Emergency Housing Grant Support were appointed in November 2018. This meant that work only got underway thereafter, resulting in under-spending.
- The Housing Subsidy System (HSS) underspent due to SITA not being able to provide the required services, as per the service level agreement (SLA) on the HSS.

On Transfer and Subsidies, the under-spending, is due to non-transfer to the Mangosuthu University of Technology.

Programme 4: Housing Development Finance

The programme underspent by R159.1 million (0.5%) of the adjusted allocation. The reasons for under-spending are as follows:

Current Payments

The under-spending can be attributed to vacancies not being filled and a reduction in travel and subsistence.

Transfer and subsidies

Partial transfer of the provincial and municipal Emergency Housing grants. The emergency housing grants are transferred based on the needs of households that, for reasons beyond their control, find themselves in an emergency situation.

Provinces and municipalities must apply for these funds to be transferred and funds were transferred accordingly.

Expenditure on Capital Assets

The under-spending on capital assets is mainly attributed to positions not being

filled, which resulted in less equipment being bought than was anticipated.

Virements and Roll-overs

The Department's roll-over request to NT was not approved.

Virements during the Adjustment Budget Estimate

From	To	Amount	Reason
Programme 1: Administration	Programme 2: Human Settlements Policy, Strategy and Planning	R2.9 million	Membership fees for United Nations Human Settlements Programme and Cities Alliance

Virements after Adjustment Budget Estimate

From	To	Amount	Reason
Programme 1: Administration	Programme 2: Human Settlements Policy, Strategy and Planning	R1 660 000	Additional funding for the Women's Indaba hosted by the Department
	Programme 2: Human Settlements Policy, Strategy and Planning	R2 300 000	Additional funding for the development of the MTSF for 2019-2024
	Programme 3: Programme Delivery Support	R4 500 000	To provide funds for work done by Government Technical Advisory Centre (GTAC) in relation to the establishment of the Human Settlements Bank

From	To	Amount	Reason
Programme 1: Administration	Programme 4: Housing Development Finance	R1 600 000	Provided funding for finalisation of the review of the provincial tender system in respect of housing and the acquisition of related services
Programme 3: Programme Delivery Support	Programme 1: Administration	R8 998 000	To fund the shortfall in the Ministry
Programme 3: Programme Delivery Support	Programme 1: Administration	R10 000 000	To fund the shortfall in Property Management

Fruitless and Wasteful Expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2016/17 R'000
Late payment of employee and employer pension fund contribution	Still under investigation	13
Total		13

Future Plans of the Department

In the previous financial year, the Department achieved an unqualified audit outcome with a finding on Performance Information. It is the Department's intention to continue improving on its audit outcomes, in order to achieve a clean audit. In addition, the Department also intends to:

- Accelerate the planning and implementation of the Informal Settlements Upgrading Programme. To this end, National Treasury approved the introduction of the Informal Settlements Grant.
- Accelerate the issuing of title deeds.
- Operationalise the HSDB. To this end, all human settlements development finance institutions have been merged into one entity.
- Strengthen human settlements public entities and position them as a key force in driving the human settlements expansion.
- Drive a robust campaign with the sole intention of "unlocking land to house South Africa". This will include constructive engagement of various public entities and government departments, private land owners, developers and civil society.
- Fast-track the implementation of catalytic projects.
- Design and implement an incubation programme for small contractors, especially women and youth contractors.
- Enhance the Department's responsiveness to human settlement-related disasters.
- Finalise the drafting and promulgation of the following:
 - Property Practitioners Bill, 2018
 - Home Loan and Mortgage Disclosure
 - Amendment Bill, 2018 (HLAMDA)
 - Housing Consumer Protection Bill, 2017

- Human Settlements Development Bank Bill, 2017
- Human Settlements Bill
- Prevention of Illegal Eviction and Unlawful
- Occupation Amendment Bill.
- Strengthen the monitoring of grants to ensure that transferred funds are used for the intended purpose.
- Provide technical support to other spheres of government, particularly where there is under-performance, before invoking provisions of the Division of Revenue Act.

Public Private Partnerships

There were no public private partnerships (PPPs) during the year under review.

Discontinued Activities/ Activities to be Discontinued

There were no discontinued activities during the year under review.

New or Proposed Activities

There were no new or proposed activities.

Supply Chain Management

No unsolicited bids were received during the financial year under review.

The following processes, procedures and systems are in place to prevent irregular expenditure:

- Internal SCM circulars, financial delegations, policies, instruction notes.
- Bid committees (Specification, Evaluation and Adjudication) are in place and members are appointed in writing by the Accounting Officer or his delegate.
- Every request for the procurement of goods and services is verified against a check list to ensure compliance with prescripts and to prevent irregular expenditure.
- When invoices are received, they are verified against a check list before payment is approved, so as to prevent possible irregular expenditure.
- When irregular expenditure is discovered, it is recorded, investigated and reported to the relevant authority for a formal response.

The following challenges were experienced in terms of SCM and are being resolved as indicated:

- Quality control of the bid specifications or terms of reference (ToR) was not always in line with acceptable standards.
- Late or non-submission of some projects for incorporation into the procurement plan, which resulted in late amendment of the procurement plan during the financial year.
- Attempts by a criminal syndicate posing as the Department and sending out fake requests for quotations to service providers.

The following action was taken to resolve the challenges:

- Training sessions held with departmental officials.
- Workshops held with various units on procurement plans and the budget allocation.
- The criminal syndicate matter was reported to the Special Investigation Directorate.

Gifts and Donations Received in Kind from Non-related Parties

No gifts or donations were received from non-related parties.

Exemptions and Deviations Received from National Treasury

No exemptions and deviations were received from NT during the period under review.

Events after the Reporting Period

There were no events after the reporting date.



M Tshangana
Director-General
Date: 31 July 2019

7. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

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

- All information and amounts disclosed in the Annual Report are consistent.
- The Annual Report is complete, accurate and free of any omissions.
- The Annual Report has been prepared in accordance with the guidelines on annual report issued by NT.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by NT.
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements. The external auditors are engaged to express an independent opinion on the Annual Financial Statements. In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2019.

Yours faithfully



M Tshangana
Director-General
Date: 31 July 2019

8. STRATEGIC OVERVIEW

8.1 Vision

A nation housed in sustainable human settlements.

8.2 Mission

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

8.3 Values

The core values guiding and regulating the Department are based on the Constitution of the Republic of South Africa and supporting legislation. The values include:

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

9. LEGISLATIVE AND OTHER MANDATES

The mandate and core business of the DHS is underpinned by the Constitution and all other relevant legislation and policies applicable to the Department. In addressing the mandate for integrated sustainable human settlements, the review of policies – and particularly the development of the White Paper for Human Settlements and revising the Housing Act into the Human Settlements Act - will enhance the Department's effort in the provision of adequate housing by:

- Providing a framework for the realisation of sustainable human settlements and improved quality of household life.
- Providing a foundation for the establishment of viable, socially and economically integrated communities that are located in areas that allow convenient access to economic opportunities, as well as health, educational and social amenities.

Specific Constitutional, Legislative and Policy Mandates

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 (BNG)
- Housing Consumer Protection Measures Act, 1998 (Act No. 19 of 1998)
- 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)
- Social Housing Act, 2008 (Act No. 16 of 2008)
- Division of Revenue Act, 2011 (Act No. 6 of 2011)
- 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 Schemes Management Act (Act 8 of 2011)

- Community Schemes Ombud Service Act (Act 9 of 2011)
- Inter-governmental Relations Framework (Act No. 13 of 2005)
- National Development Plan (NDP)
- Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013)

Constitutional Mandate

The Department's mandate is derived from Chapter 2, the Bill of Rights, Chapters 3 and 6 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). In terms of Section 26 of the Bill of Rights:

- Everyone has the right to have access to adequate housing.
- The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of this right.
- No one may be evicted from their home, or have their home demolished, without an order of court being made after consideration of all the relevant circumstances. No legislation may permit arbitrary eviction.

The following sections of the Constitution provide the legislative framework for the institutional arrangements used in the development of sustainable human settlements:

- **Part A of Schedule 4, Chapter 14** lists housing, urban and rural development and regional planning and development as functional areas of concurrent national and provincial legislative competence.
- **Section 154(4)** further provides for the delegation of powers and functions to local government, by agreement, if municipalities have the necessary capacity and are regarded as the most effective site from which these powers can be exercised.
- **Section 125(3)** provides that, by legislative and other measures, national government must assist provinces to develop their administrative capacity, which is required for the effective exercise of their powers and the performance of their human settlements functions.

Policy Mandate

The mandate of the Department is set out in the Housing Act. Section 2 of the Housing Act compels all three spheres of government to give priority to the needs

of the poor in respect of housing development. In addition, all three spheres of government must ensure that housing development:

- provides as wide a choice of housing and tenure options as is reasonably possible;
- is economically, fiscally, socially and financially affordable and sustainable;
- is based on integrated development planning;
- is administered in a transparent, accountable and equitable manner, and upholds the practice of good governance. Section 2(1) (c)

The legislative mandate of the Department remains unchanged, except for the inclusion of the following:

Estate Agency Affairs Act, 1976

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

- Establish the EAAB to regulate the conduct of estate agents.
- Establish the Estate Agents Fidelity Fund.

- Monitor trends in the real estate industry.
- Render education and training to estate agents and consumers.

National Development Plan

Chapter 8 sets out a human settlements trajectory proposition that states: 'By 2050 visible results from effectively coordinated spatial planning systems shall have transformed human settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work and with access to social facilities and essential infrastructure'. It also envisages that, by 2030, measurable progress will be achieved in breaking apartheid spatial patterns. This places a responsibility on the Department to ensure that the apartheid geography and the fractured housing and land markets are dealt with.

The NDP recommends that the following action be taken, in order to address the current weaknesses of human settlements and housing policies and programmes:

- Systematically respond to entrenched spatial patterns across all geographical scales that exacerbate social inequality and economic inefficiency.

- Take account of the unique needs and potential of different rural and urban areas in the context of emerging development corridors in the Southern African sub-region, before making decisions on developments.
- Review state housing policies to better realise constitutional housing rights, ensure that the delivery of housing is used to restructure towns and cities, and strengthen the livelihood prospects of households.
- Support active citizenry and develop incentives through a range of interventions, including the establishment of social compacts.
- Planning for human settlements must be guided by a set of normative principles that will create liveable, equitable, sustainable, resilient and efficient spaces, including supporting economic opportunities and social cohesion.

Legislative Mandate

The Department carries out its legislative imperatives as set out in the **Housing Act, 1997 (Act No. 107 of 1997)**. Section 2 of this Act compels all three spheres of government to give priority to the needs of the poor in respect of housing development (section 2(1) (a). Part 1: Section 2 of the Act provides the general principles

applicable to housing development. Part 2: Section 3 of the Act outlines the functions of national government.

The Act also recognizes the Constitutional right to adequate housing access and clarifies the state's response to this right by setting out the legal plan for the development of sustainable housing. It lays down general principles that apply to the development of housing by government. It also: defines the national, provincial and local government functions with regard to housing development; governs the establishment and operations of the inherited South African Housing Development Board (now in the final phase of dis-establishment), as well as provincial boards and the financing of housing programmes.

The **Prevention of Illegal Eviction and Unlawful Occupation of Land Act (No 19, 1998, Amended)** provides for a fair and reasonable process to evict people who occupy land and houses unlawfully. It is an offence to evict someone without following the correct process. The Act states that eviction or property repossession on the grounds of non-payment may only happen if a reasonable amount of warning has been served on the owner or tenant.

The **Housing Consumers Protection Measures Act of 1998** provides for the establishment of a statutory regulating body for home builders. The National Home Builders Registration Council will register every builder and regulate the home building industry by formulating and enforcing a code of conduct. Implementation of the Act is monitored continuously.

The **Rental Housing Act No. 50 of 1999 (as Amended)** repeals the Rent Control Act of 1976 and defines government's responsibility for rental housing property. It creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market. To facilitate sound relations between tenants and landlords, it lays down general requirements for leases and principles for conflict resolution in the rental housing sector. It also makes provision for the establishment of rental housing tribunals and defines the functions, powers and duties of these tribunals.

The **Home Loan and Mortgage Disclosure Act (Act No. 63 of 2000)** provides for the establishment of the Office of Disclosure and the monitoring of financial institutions that serve the housing credit needs of communities. It requires financial

institutions to disclose information and identifies discriminatory lending patterns.

The **Social Housing Act (No. 16 of 2008)** is the main piece of legislation for the social housing sector. It is aligned with both the 1999 Rental Housing Act and the 1997 Housing Act. The Social Housing Act is expected to achieve the following objectives:

- Establishing and promoting a social housing environment that is sustainable.
- Establishing the roles of the various spheres of government in social housing.
- Providing for the establishment of the Social Housing Regulatory Authority (SHRA), and defining its role as the regulator of all social housing institutions that have obtained or are in the process of obtaining public funds.
- Providing statutory recognition to social housing institutions (SHIs).

The **Housing Development Agency Act No. 23 of 2008** established the Housing Development Agency (HDA) to:

- Identify, acquire, hold, develop and release state-owned, privately-owned and communally-owned land for residential and community development.
- Monitor progress made with the development of land and property acquired for the purpose of creating sustainable human settlements.
- Undertake project management services, including providing assistance in respect of approvals required for housing developments.

The **Sectional Titles Schemes Management Act (No 8 of 2011)** provides for the establishment of body corporates to manage and regulate sections and common property in sectional titles schemes, and for that purpose: to apply rules applicable to such schemes; to establish a sectional titles schemes management advisory council; to provide for matters connected therewith.

The **Community Scheme Ombud Service Act (Act 9 of 2011)** provides for the establishment of the Community Schemes Ombud Service to provide for a dispute resolution mechanism for community schemes.

The **Spatial Planning and Land Use Management Act, 2013 (SPLUMA)**

provides a number of principles to promote spatial restructuring and development. It ensures that the system of spatial planning and land use management promotes social and economic inclusion.

Other Policy Documents

New Housing Policy and Strategy for South Africa White Paper, 1994

The White Paper states that the point of departure of all housing policy in South Africa is:

- sovereignty of the Constitution
- housing as a basic human right
- the role of the state
- people-centred development
- freedom of choice
- non-discrimination.

It also contains government's overall approach to ensuring housing delivery in relation to:

- stabilizing the housing environment
- supporting the housing process
- mobilizing housing credit and savings
- establishing the availability of subsidies
- institutional arrangements
- land acquisition and redistribution
- co-ordinated development.

The fundamental principles of this White Paper are still relevant today and guide all human settlement development policies and implementation mechanisms.

The Comprehensive Plan for Sustainable Human Settlements, 2004

A review of government's achievement in housing provision from 1994 to 2004 led to a new strategy: the Comprehensive

Plan for the Development of Sustainable Human Settlements. This strategy is also called Breaking New Ground (BNG). It is government's medium term (ten year) housing policy framework that paves the way for a new approach to sustainable human settlements.

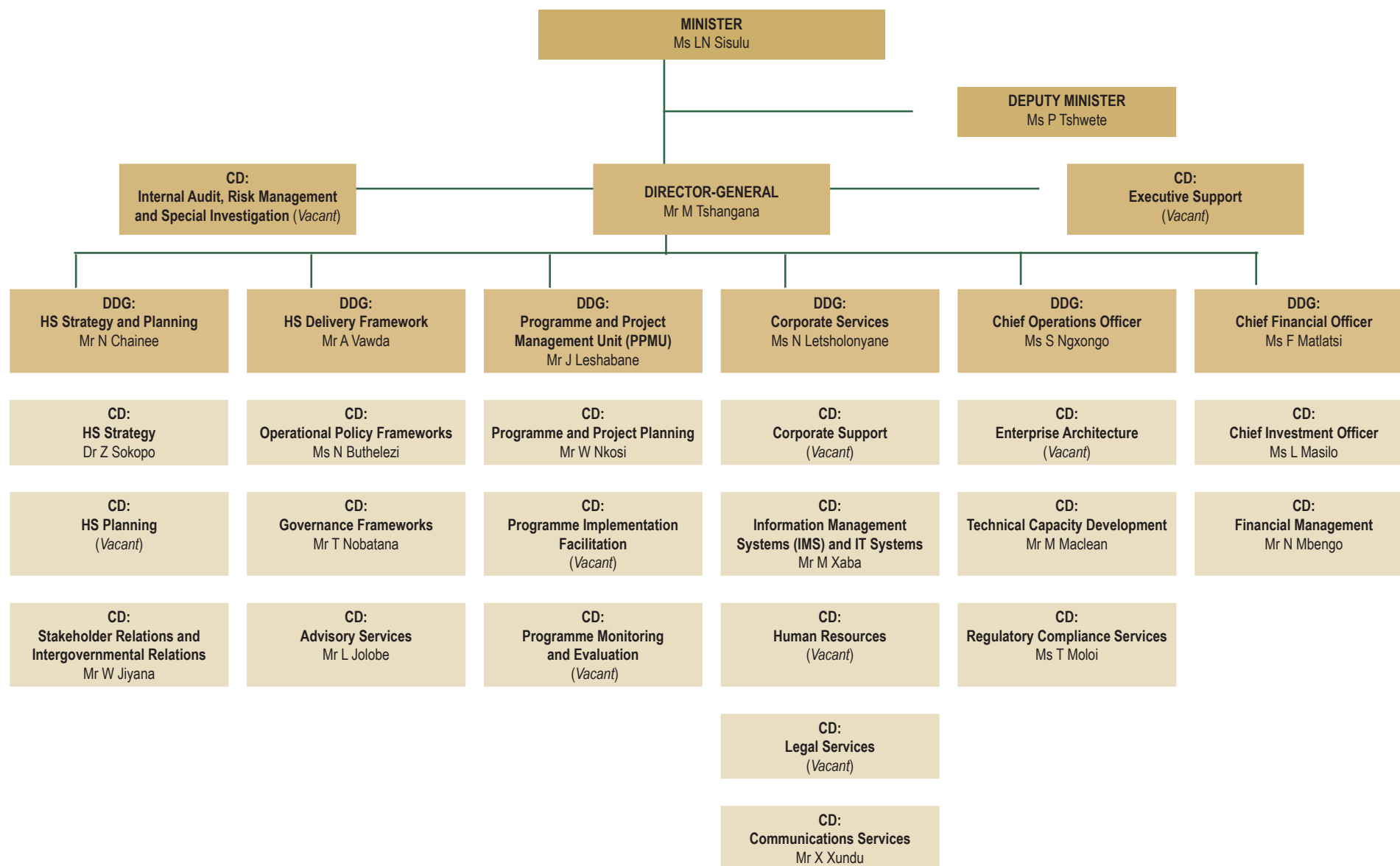
The goal of the **Social Housing Policy for South Africa, 2003** (which has been reviewed a few times) is to improve the rental housing sector. It expands individual housing subsidies to include subsidising social housing projects for people who rent accommodation and are from the lower-income and medium-income groups.

The **Housing Code (The Code)** is a comprehensive document that sets out the overall vision for housing in South Africa. It sets out the linkages between various policy programmes.

The draft **White Paper for Human Settlements** is aimed at providing a framework for the realization of sustainable human settlements and an improved quality of household life. The White Paper for Human Settlements will provide a foundation for the establishment of viable, and socially and economically integrated communities that are located in areas that provide convenient access to economic opportunities, as well as health, educational and social amenities.

The **Urban Development Framework** recognises the importance of South Africa's cities and towns in meeting people's needs for shelter, within the context of sustainable development. The policy sets the framework for programmes to ensure that urban development is planned and implemented in a participatory, integrated and environmentally sustainable manner, so as to improve the general quality of life of all those living in urban areas.

10. ORGANISATIONAL STRUCTURE



11. ENTITIES THAT REPORT TO THE MINISTER

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Estate Agency Affairs Board (EAAB)	Regulate, maintain and promote the standard of conduct of estate agents; issue fidelity fund certificates to qualifying applicants; prescribe the standard of education and training of estate agents; investigate complaints lodged against estate agents; manage the Estate Agents Fidelity Fund	The EAAB is empowered in terms of the enabling legislation to raise fees and levies from estate agents	Regulator
Community Schemes Ombud Services (CSOS)	To provide a dispute resolution service for community schemes, monitor and control the quality of all sectional title schemes governance documentation and to take custody of, preserve and provide public access to scheme governance documentation	The Department provides operational grant funding. The CSOS is empowered through enabling legislation to generate funding from: levies and fees for services rendered, based on cost recovery; interest derived from investments	Regulator
Housing Development Agency (HDA)	Acquire, hold, develop and release land and landed properties for human settlements development	The Department provides operational funding to the HDA to defray overhead and operational costs. The HDA also charges fees for development services rendered to public sector clients on a cost recovery basis	Development implementing agency
National Housing Finance Corporation (NHFC)	Mobilise funding into the human settlements space in partnership with a broad range of institutions. It also provides wholesale finance and acts as a fund and risk manager	The Department provides capital funding to the entity from time to time to expand its lending activities. The institution funds its operations from interest and fees derived from the lending activities	Development finance institution
National Home Builders Registration Council (NHBRC)	Provide housing consumers with warranty protection against defects in new homes, and provide protection against any failure by builders to comply with their obligations in terms of the Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998)	The NHBRC is empowered to raise registration and enrolment fees in terms of the enabling legislation	Regulator
National Urban Reconstruction and Housing Agency (NURCHA)	The mandate of NURCHA is to ensure the availability of bridging finance to small, medium and established contractors that build low-income and moderate-income housing and related community facilities and infrastructure	The Department provides capital funding to the institution from time to time, to allow it to expand its lending activities. The institution funds its operations from interest and fees derived from the lending activities	Development finance institution
Rural Housing Loan Fund (RHLF)	The RHLF is a development finance institution, which was established in August 1996 as an association not for gain. The organisation is mandated 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. The loans are used for incremental housing purposes	The Department provides capital funding to the institution from time to time, to allow it to expand its lending activities. The institution funds its operations from interest derived from the lending activities	Development finance institution
Social Housing Regulatory Authority (SHRA)	Regulate and support the social housing sector, in order to accelerate delivery of sustainable and financially viable social housing projects. SHRA is responsible for the disbursement of institutional investments and capital grants to social housing institutions	The Department provides the SHRA with operational grant funding, the Institutional Investment Grant and the Restructuring Capital Grant	Regulator
NURCHA and RHLF have been consolidated into NHFC, effective 1 October 2018			



PART B: **PERFORMANCE INFORMATION**

1. REPORT OF THE AUDITOR-GENERAL ON PREDETERMINED OBJECTIVES

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The Department faced extra-ordinary pressure during the period under review, occasioned by, inter alia:

- Interventions and heightened administrative support in the North West, Limpopo and Gauteng provinces, as well as in Nelson Mandela Bay, Buffalo City, eThekweni and City of Johannesburg metros. This was in order to improve delivery performance.
- An increase in the number of community protests and demands for services (houses, incomplete housing projects, outstanding title deeds, services in informal settlements and destitute households).
- An increase in the frequency of natural disaster incidents, which led to heightened demand for emergency shelter.

In response to mounting volatile local-level situations, the Department moved swiftly outside of, and beyond the ordinary mode of operation, in terms of its operations, including the establishment and resourcing of Service Delivery “War Rooms”, Joint Operational

Steering Committees, Rapid Response Task Teams, and increased Community Outreach initiatives. All these interventions point to the need for structural reorganisation of the Department to enable a sustained regional operational presence and programme management. This also demands streamlining of capacity assembly strategies in relation to public entity mandates, PRTs, project management units and the use of consultants.

Communication and community outreach initiatives highlighted the following concerns and needs of citizens:

- Title deeds backlog.
- Revitalization of distressed mining communities and informal settlements.
- Unblock projects that are blocked, incomplete or slow-moving.
- Undertake remedial work on defective or poorly-built subsidy homes.
- Enhance contract management and the performance of contractors.

The country’s economy fell into a technical recession in the first half of the 2018 calendar year. This was after two consecutive quarters of negative eco-

nomie growth. Unemployment remained high, i.e. more than a quarter of the working population. About a third (29.3%) of all people employed were employed in low-skilled and domestic work jobs. Inflation remained in the 4.1% to 4.5% range. Furthermore, the service delivery environment was also characterised by the following:

- An increase in households living in informal settlements.
- A lack of and inadequate capacity in bulk infrastructure.
- Delays in the procurement process.
- Regulatory and governance incapacity in the land planning process.
- Incidents of **vis major** and environmental changes resulting in disasters and emergencies.
- Constraints associated with the availability of funding.
- The impact of rapid urbanisation.
- Increasing inequality.
- The high level of indebtedness of households.

The impact of the above factors has been an exponential decrease in the delivery of key programmes. This has highlighted the need to re-prioritise the allocation of

available resources, so as to maximise value for money and impact. There has also been a resultant inability of provinces and municipalities to respond to the overall developmental dynamic for the planning, funding and development of human settlements.

The above inadequacies and failures have adversely affected efforts to address the housing backlog and the achievement of a better life for all. Thus there is pressure on the national Department to undertake a more activist and directive role in the planning, implementation, monitoring and governance of grants and their implementation.

2.2 Service Delivery Improvement Plan

From April 2018, the NDHS undertook a consultation process to develop the Departmental Service Delivery Improvement Plan. There was extensive consultation in respect of the prioritised areas for improvement, both internally and externally (particularly with the DPSA), which culminated in the draft 2018/21 Service Delivery Improvement Plan (SDIP) being presented to the Department’s structures (JBMC and EMT). However, it should be noted that, due to

the challenges experienced with defining the current levels of service and forward looking targeting, the draft 2018/21 SDIP had not been approved by the end of the 2018/19 financial year.

With regard to pillar 3 (*Change Management and Batho Pele principles*) of the DPSA's Service Delivery and Organisational Transformation (SDOT) framework, during the year under review, the Department:

- Conducted quarterly sessions as part of the HR outreach sessions aimed at promoting professional conduct amongst employees aligned to the application of the Batho Pele principles.
- Undertook a Project Khaedu coalface deployment to the Gauteng DHS Tshwane Regional Office during Public Service Month (September).
- Initiated a process of ensuring that the Department is fully aligned to the service standards indicated in the Batho Pele principles. Focus particularly on the Department's Call Centre.

Despite the above challenges, the Department continues to deliver the services detailed in the tables below.

Main Service for Service Delivery Improvement and Standards

Main Service	Actual Customers	Potential Customers	Desired Standard of Service	Actual Achievement against Standards
Access to information	• Members of the public • Legal entities • Beneficiaries	• Members of the public • Legal entities • Beneficiaries	100% attended	100% attended
General enquiries	• Members of the public • Legal entities • Beneficiaries	• Members of the public • Legal entities • Beneficiaries	100% attended	100% attended
Resolution of disputes	• Members of the public • Legal entities • Beneficiaries	• Members of the public • Legal entities • Beneficiaries	100% of disputes attended	100% of lodged disputes investigated within 90 days

Consultation Arrangements for Customers

Type of Arrangement	Actual Customer	Desired Service	Actual Achievements
Front Desk consultant	Walk-in beneficiaries	100% enquiries resolved	100% enquiries resolved

Service Information Tool

Type of Information Tool	Desired Service	Actual Achievements
Record of queries	100% of reported queries attended to within 90 days	• 100% of reported queries attended to within 90 days • 83% of reported cases of fraud and corruption were investigated • 18 cases of fraud and corruption were reported during the year under review • 13 cases were investigated internally by the Department • 01 fraudulent payment was referred to HAWKS (the Directorate for Priority Crime Investigation) for criminal investigation and possible prosecution • 02 fraudulent scam cases were referred to the SAPS for criminal investigation • 02 cases were referred to the national Department of Rural Development and Land Reform (DRDLR), since it falls under that Department's jurisdiction (Deeds Office matter) • 03 old criminal cases that were closed by the SAPS were followed up through a Joint Task Team that was established by the DG and SAPS National Commissioner • Trends identified included: allegations of fraudulent payments, RFQ scams, corruption, misallocation of RDP houses, illegal occupation of RDP houses, fraudulent sale of houses, fraudulent allocation of scholarships, and fraudulent awarding of RDP houses

Complaints Mechanism

Complaint Mechanism	Desired Service	Actual Achievements
Walk-in complainants	100% of walk-in complaints attended to	100% of beneficiaries attended to

2.3 Organisational Environment

In 2018/19, the Department attended to all the operational matters impacting on the effectiveness of the organisation to deliver on its mandate, as outlined below.

Reduction of vacancy rate: The Department experienced a high rate of staff exit and loss, mostly because of resignations and promotional transfers, with a hindered ability to ensure immediate replacements, due to several administrative and climate dynamics.

This contributed to the Department's inability to meet all its planned targets, including filling critical top management positions in core portfolios. The Department also struggled to secure the desired competence level of candidates for the advertised strategic positions, due to several prescripts, and administrative limitations and dynamics. The implemented contract appointments also partially contributed to the increased vacancy rate, which has since been reversed.

There was limited filling of prioritised vacant and funded posts. The analysis that was conducted revealed that, despite the high unemployment rate, people at higher management echelons are more hesitant to leave a permanent secure job for a 3-year contract appointment with unguaranteed future aspects. In other cases, potential candidates could not be secured as the Department could not match the market related remuneration

packages, without risking a prescript transgression.

Organisational Restructuring efforts: One of the 2018/19 objectives was the conclusion of the Department's organisational structure process, which was put on moratorium, in consideration of potential changes with the 6th Administration of Government, and which was supported by several DPSA directives on the matter.

Corruption Incidents: There were incidents of potential irregular appointment, which are being addressed in liaison with the relevant governance and oversight structures. There were several dismissals due to staff abscondment, and one incident of demotion of a Chief Director, as a result of disciplinary sanctions.

The department adopted Measures to Mitigate on Events impact of on service delivery Labour Relations awareness sessions were conducted quarterly to reinforce the staff's understanding of their role, contribution and impact in terms of working towards a collaborative, productive workforce and improved service delivery.

2.4 Key Policy Developments and Legislative Changes

The Department is working on a number of legislative changes, inter alia, repealing: the Housing Consumers Protection Measures Act 95 of 1998 by developing a Housing Consumer Protection Bill; the Estate Agency Affairs Act 112 of 1976 by developing the Property Practitioners Bill. There are further proposed changes

to the following pieces of legislation: Prevention of Illegal Eviction from and Unlawful Occupation of Land Act 1998 (PIE); Home Loan and Mortgage Disclosure Act 63 of 2000, which is going to be amended by Home Loan and Disclosure Amendment Bill. Further, the Department has amalgamated the three (3) DFIs (NURCHA, RHLF and NHFC), in order to establish the HSDB through the Human Settlements Development Bank Bill. Lastly, once the Human Settlements Policy has been approved, the Housing Act 107 of 1997 will be amended towards Housing in Human Settlement Bill.

The 2018/19 was the first year of implementation of the two new grants, that is, the Emergency Grant and the Title Deeds Restoration Grant. These grants were established through re-prioritisation of funding from the HSDG to provide emergency and short-term assistance to households affected or impacted by disasters. It was also the first year of the Title Deeds Restoration Grant. This grant was previously part of the HSDG, where it was ring-fenced.

3. STRATEGIC OUTCOME-ORIENTED GOALS

The strategic outcome oriented goals set out in the 2015 - 2020 Strategic Plan are:

- Enhanced efficiency and effectiveness of the Department.
- An integrated and responsive housing/ human settlements sector planning and policy environment.
- Increased delivery of adequate housing in quality living environments.

Progress on the Goals: The Department has aligned its priorities to the NDP's imperatives and national priority of ensuring that radical economic transformation occurs in the sector by accomplishing the following:

As far as progress with implementation of the objectives of Outcome 8 of the Programme of Action is concerned, good progress has been made, especially with delivery of individual units within the housing subsidy market. At the end of the 2018/19 financial year, 448 022 housing units, which constitutes 98% of the target were delivered. In addition, more than 650 000 households have been provided with upgraded access (individual or shared access) to basic services such as water,

sanitation and/or electricity. In terms of the provision of affordable rental accommodation, 71% of the target of 10 000 units targeted for community residential units (CRU) and 89.7% of the target of 25 000 units of private rental was achieved by 31 March 2019. In terms of the performance of the Social Housing Programme, 51% of the targeted 27 000 units were delivered by 31 March 2019.

In terms of eradication of the title deeds backlog: 37.4% title deeds were delivered as at 31 March 2019; an additional 101 180 title deeds were issued to new homeowners, which represents 22% of the target.

In terms of delivery performance in the affordable housing market, the current organisational performance has been affected by unsatisfactory inter-sectoral collaborations, under-performance by certain provinces, and lack of affordable stock for people earning less than R15 000 per month, mainly relating to the FLISP. 13% of the targeted performance in respect of FLISP was achieved in the financial year under review. However, 343 760 loans (represent 59% of the target) were granted to households in the affordable housing market by the private sector and the DFIs.

The NDP sets out a human settlements trajectory proposition that states: 'by 2050 visible results from effectively coordinated spatial planning systems shall have transformed human settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and essential infrastructure'. It also envisages that, by 2030, measurable progress will be achieved in breaking apartheid spatial patterns. In response to this, the Department has approved 50 catalytic projects, 31 of which are already being implemented. In terms of catalytic projects performance, 23 348 housing units and 26 236 serviced sites were delivered by 31 March 2019.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

Purpose

Provide strategic leadership, management and support services to the Department.

Sub-programmes

- Financial Management
- Advisory Services
- Corporate Services
 - Corporate Support
 - Human Resources
 - Legal Services
 - Infrastructure Management Services and Information Technology
 - Communications
- Chief Operations Office
 - Enterprise Architecture
- Office of the Director-General
- Executive Support
- Internal Audit, Risk Management and Special Investigations

Strategic Objectives

- The ICT infrastructure is reliable, secure and available
- To provide effective dispute resolution services

- Effective and efficient legal support
- Promote efficient and effective administrative processes

Strategic Objective, Performance Indicators, Planned Targets and Actual Achievements

Sub-programme: Financial Management

This sub-programme seeks to ensure efficient and effective utilisation of financial resources in line with prescripts. It does this through the development and implementation of financial systems, policies, frameworks and procedures. It encapsulates Supply Chain Management, Management Accounting and Financial Administrative functions.

During the year under review, the sub-programme ensured that:

- The Department achieves a clean audit on financial statements in respect of the 2018/19 financial year.
- The late payment of invoices by the Department is aggressively addressed. As a result, as at 31 March 2019, the Department reported late payment of 34 invoices during the financial year. This reflects a substantial decrease from 286 invoices in the prior year.

- Internal controls are reviewed and enhanced where necessary.

During the year under review, there was less than expected cooperation from some units with implementation of the procurement plan.

Sub-programme: Human Resources Management

Chief Directorate: Human Resources achieved 93% of the Department's Human Resource Plan (HRP) and Annual Human Resources Implementation Plan targets, in terms of the provision of required services through Human Resource Administration, Human Resource Development, Organisational Transformation and Labour Relations Units. The missed 7% of the target was due to the planned Organisational Structure review, which had to be put on moratorium, post the 2019 elections and the inauguration of the 6th Administration.

Although there were no changes to the planned target, the Department was unable to finalise the Organisational Structure review and alignment and this has impacted negatively on several targets, as they were dependant and inter-linked, but necessarily influenced by anticipation of the upcoming 6th Government Administration. This was in consideration of the President's SONA vision to ensure an optimal Structure and size of the State. This was further affirmed/ contributed to by the DPSA January 2019 Directive to sustain the moratorium on any Organisational Structure Consultation processes.

Notable achievements included:

- Implementation of all requested and prescribed HRA conditions of service and benefits, conducting of staff exit interviews and analysis thereof, monitoring of staff leave use and implementation of prescribed consequence management measures for defaulters thereof.
- Timeous conclusion of Annual Performance (EPMDs) moderations for all staff, including SMS and Top Management, including appeals, with all staff qualifying for an incentive duly paid within the 2018/19 budget.

Compliance with the new DPSA EPMDs Directive for payment of all approved and applicable performance incentives within the prescribed 1.5%.

- Sustained provision of internal and external EHW counselling services and participation in various EHW health promotion interventions, with an observed impressive increase in staff participation.
- Sustained staff awareness interventions on staff rights and obligations, expectations in the workplace, in support of a healthy and conflict free working environment.

Sub-programme: Corporate Support

On promotion of efficient and effective administrative processes, all planned Departmental Corporate Support targets for 100% provision of Security Services, Facilities Management, Records Management, Library Services and Information Services, were achieved, including vetting for all identified and prioritized officials and service providers:

- Provision of prescribed physical, information and communication security services at all departmental sites; provision and maintenance of adequate, conducive and habitable office accommodation, as per approved

Departmental Annual UAMP, with a revised one approved and submitted to both NT and Department of Public Works; monitoring of departmental compliance to National Archives and Records Services (NARS) prescripts for managing current, closed and terminated records, with systematic destruction certificates submitted to National Archives and Records Services and full compliance with Promotion of Access to Information (PAIA) Act No. 2 of 2000 for facilitating received public requests for access to information and reporting to oversight structures, with an achieved 4 rating under MPAT assessment. Development of departmental business processes (BP) and standard operating procedures (SOPs) for APP targets.

Sub-programme: Legal Services

Effective and efficient legal services support was ensured and provided, including to brief the Select Committee on social services on the Property Practitioners Bill [B21B-2018], with subsequent of all nine (9) Provincial Legislatures.

Providing capacity and answering questions during Provincial Legislatures' Public Hearings, where on conclusion,

respective Provincial Legislatures prepared and submitted their Negotiating Mandates to the Select Committee.

(National Assembly-Sec 76), agreed to the Bill [B21B-2018], which was debated at the National Council of Provinces and unanimously agreed and voted by all parties represented in Parliament.

Cabinet approval was sought for publication of the Home Loan and Mortgage Disclosure Amendment Bill and the Housing Consumers Protection Bill respectively in the Government Gazette for public comments. The Bill was signed by the Minister.

The Human Settlements Development Bank Bill will be re-worked by Policy and legal expert (POLERT), under the supervision of Legal Services, amidst approval of the pending Business Case, for submission to the State Law Advisor together with the Human Settlements Development Bank Bill and approved policy for a precertification legal opinion.

Prevention of Illegal Eviction (PIE) Amendment Bill

The Amendment Bill seeks to: amend the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998, so as to insert or substitute certain definitions; to qualify the application of the Act; to amplify the provisions relating to the prohibition of certain acts and to create certain offences in that regard; to further regulate the granting of a court order for eviction; to amend the procedures for the eviction of unlawful occupiers; and to provide for matters connected therewith.

During the year under review Legal Services instructed Senior and Junior Counsels through the Office of the State Attorney, to look at:

- Implications on application of PIE ACT; Implication on application of PIE Amendment Bill in its current form; as well as the Constitutional Court judgments on evictions; Court judgments on PIE, ESTA, and Labour Tenant ACT; analysis of all court judgment by SC and implication on the application of the housing policy and Human Settlements legislation.

Sub-programme: Management Information Systems and Information Technology Systems

All annual targets for Management Information Systems and Information Technology Systems were achieved in terms of the provision of Departmental IT support and making the HSS Database systems available to provincial departments. An average of 97.7% availability of the HSS Database systems to provincial departments was maintained.

Sub-programme: Communication Services

Communications Services were successfully provided at 100%, including media services, public information and marketing, and corporate communications services to the Ministry and Department, as per the overall communications strategy. The notable achievements were:

- Managing communication of the 2018/19 Budget Vote process; the Annual Report production, distribution and dissemination processes; introduction of information display boards that illustrate the quarterly departmental branch performance; introduction of the Anti-Corruption Campaign Board, which encourages staff to monitor and report corruption; developed and produced an anti-corruption video that was screened and shared with all staff members; production and branding of all departmental marketing collateral.
- 100% dissemination of ministerial and departmental information/ messages to all internal stakeholders through various platforms such as emails, WhatsUp groups, posters and display boards; 100% management of Call Centre services, including hosting of Public Liaison Officers Forums; 100% daily media monitoring with analysis of functional issues that are relevant to the Department.
- Led the North West Intervention Information Sessions with key focus on blocked projects, waiting lists, title deeds over a period of four months.
- All departmental and ministerial projects, programmes and key events were including, the Title Deeds programme in the Northern Cape and Eastern Cape; Izimbizo in the Western Cape, Project launch in KZN and others.
- Successfully hosting of Consumer Education and Outreach Programmes countrywide.
- Launched the 'Changing People's Lives' national multi-media campaign, which focuses on certain key programmes – Title Deeds, Social Housing, FLISP and Informal Settlements Upgrades - from January to March 2019, supported by MinMec, to celebrate the milestone of having delivered 4.7 million houses and housing opportunities.
- Running the BNG TV season 5 on SABC 2 over 39 weeks, attracting just over 500 000 viewers.

- Created media platforms to outline departmental programmes that resulted in inclusion in debates such as The Big Debate on eNCA, Umhlobo Wenene FM, and other interviews with various electronic and print media.
- Strengthened the Department's social media footprint by expanding the reach of Facebook and Twitter to 517 000 users, and 65 000 users of the Department's website.
- Hosting the annual Govan Mbeki Awards and Govan Mbeki Awards Golf Challenge in the Eastern Cape, attracting over 800 stakeholders with 17 categories, with 8 Lifetime Awards bestowed on the day.

Sub-programme: Enterprise Architecture

- During the period under review, the Department was compliant with statutory tabling and legislative pre-prescripts. This includes the submission, tabling and revision of the 2015/20 Strategic Plan and the 2018/19

Annual Performance Plans (APPs), including performance reports on the implementation of approved plans, that is, quarterly and annual performance reports. The Department's performance reports have assisted management to track the performance of individual programmes and implement corrective measures where required. The quarterly performance information on organisational performance has assisted management to make informed decisions on strategic matters aimed at improving service delivery. The timeous availability of performance information has contributed positively in the provision of effective oversight by relevant bodies.

Sub-programme: Internal Audit, Risk Management and Special Investigations

Internal Audit conducted assurance and consulting audits, achieving 100% of the internal audit coverage plan. Risk management implementation plan was

successfully implemented with 100% achievement of all the activities. The Department has implemented the fraud detection review in high risk areas, Anti-Fraud and Corruption Awareness and further collaborated with the law enforcement agencies to tackle the cases of fraud and corruption. 100% of the Anti-Fraud and Corruption Implementation Plan was achieved during the year under review.

Sub-programme: Executive Support

In an effort to realise the strategic objective of promoting efficient and effective administrative processes, all the programmes and operations of the Department were accorded the requisite support.

The department facilitated the interface with Parliament, Cabinet and related committees in 38 meetings for purposes of giving account on the mandate of the Department, its human settlements entities and the performance of grants that are disbursed to provinces and metropolitan municipalities.

We convened all meetings of MinMEC, the Implementation Forum, and Technical MinMEC, towards the furtherance of the principles of cooperative governance and in order to take sector-wide decisions for the achievement of the targets expressed in the 2014-19 MTSF and the 2018/19 APP.

The departmental governance structures, such as the Min-Top, Executive Management Team, Joint Branch Management Committee and other ad-hoc committees were supported through the provision of secretariat services where the records and proceedings of 180 meetings were recorded and circulated to all stakeholders in a period not exceeding 48 hours.

Consistent with the values of good governance, 1 181 memoranda/ submissions from the entire human settlements value chain were presented for the consideration of the Accounting Officer within a turn-around time of 48 hours.

Strategic Objectives

Programme 1: Administration							
Sub-programmes: Enterprise Architecture, Financial Management, Internal Audit, Special Investigations, Risk Management, Regulatory Compliance and Human Resources Management							
Strategic Objective: Promote efficient and effective administrative processes							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/2019	Comment on Deviations
Percentage compliance with statutory tabling and prescripts	New target	The Department complied with statutory tabling and prescripts. This includes: The tabling of strategic plans and annual performance plans of the Department and of entities to Parliament within the prescribed time-frames Ensuring adherence to the MPST processes and submission Submission of reports to National Treasury on payments within 30 days in terms of section 44 of the PFMA Submission of the annual and interim financial statement	100% compliance with statutory tabling and prescripts Quarterly performance reports (Preliminary and Actual) Annual Report 2016/17 tabled Approved 2018/19 APP tabled Interim Financial Statements Estimate of National Expenditure (ENE) Departmental Procurement plans	100% compliance with statutory tabling and prescripts	75% compliance with statutory tabling and prescripts - Department's Strategic and Annual Performance Plans - Quarterly performance reports - Annual Performance Report 2017/18 - Interim and Annual Financial Statements developed and submitted - Estimated National Expenditure (ENE) and MTEF submission - Monthly early warning system report - Departmental Procurement Plan - A schedule indicating the received and paid invoices - Report on the implementation of MPAT Processes and improvement plan	25% Payment of invoices within 30 days (34 out of 711 invoices were paid after 30 days) - Submission of compliance documents to the DPSA by HR - Response to Parliamentary Questions - 87 out of 119 were responded to - Report on Compliance Risk Register (Quarter 1 and 2)	Performance on specific prescripts was submitted outside the reporting time-frames

Programme 1: Administration							
Sub-programmes: Enterprise Architecture, Financial Management, Internal Audit, Special Investigations, Risk Management, Regulatory Compliance and Human Resources Management							
Strategic Objective: Promote efficient and effective administrative processes							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/2019	Comment on Deviations
					- Compliance report as per the compliance risk register (Quarter 4) - Quarterly report on adherence to the schedules of Parliament, - Quarterly report on Cabinet and governance structures which include the progress made in facilitating the implementation of recommendations made - A list of Human Resource Statutory requirements - Progress report on the level of compliance on HR statutory requirements		
Percentage implementation of the approved internal audit plans	The internal audit plan was reviewed, approved and implemented	73% of the annual audit plan was implemented	81% implementation of the approved internal audit plan	100% implementation of the approved internal audit plan	100% implementation of the approved internal audit plan done	None	Not applicable
Percentage implementation of the approved risk management plan	The approved risk management strategy was not fully implemented	88% of the approved risk management plan was implemented	97% implementation of the approved risk management plan	100% implementation of the approved risk management plan	100% implementation of the approved risk management plan done	None	Not applicable

Programme 1: Administration							
Sub-programmes: Enterprise Architecture, Financial Management, Internal Audit, Special Investigations, Risk Management, Regulatory Compliance and Human Resources Management							
Strategic Objective: Promote efficient and effective administrative processes							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/2019	Comment on Deviations
Percentage implementation of approved anti-fraud and corruption plan	The anti-fraud and corruption policy, whistle blowing and fraud prevention plan were approved on 26 March 2016	68% of the plan implemented	61% implementation of the approved Departmental anti-fraud and corruption plan	100% implementation of the approved anti-fraud and corruption plan	100% implementation of the approved anti-fraud and corruption plan done	None	Not applicable
Percentage of the Annual Human Resource Plan implemented (2018/19)	New target	87% of the human resource plan implemented	82% Implementation of the HR Plan	100% of the Annual Human Resource Plan implemented (2018/19)	93% of the Annual Human Resource Plan implemented (2018/19)	7%	The management took decision to revert back to the old structure and delayed the restructuring process' activities

Programme 1: Administration							
Sub-programmes: Enterprise Architecture, Financial Management, Internal Audit, Special Investigations, Risk Management, Regulatory Compliance and Human Resources Management							
Strategic Objective: Promote efficient and effective administrative processes							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/2019	Comment on Deviations
Sub-programme: Legal Services							
Strategic Objective: Effective and efficient legal support							
Human Settlements legislation developed	Four (4) reports on the development of a legislative framework as per approved legislative programme	Four (4) Reports on the development of the legislative framework as per approved legislative programme were produced, and progress made includes: - Sectional Title Scheme Management Act, 2011 (Act No.8 Of 2011) (STSM) - The Community Schemes Ombud Service (CSOS) Act (Act No.9 Of 2011) - Property Practitioners Bill, 2016 - Home Loan And Mortgage Disclosure Amendment Bill, 2016 - Prevention Of Illegal Eviction From And Unlawful Occupation of Land (Pie) Amendment Bill, 2016 - Housing Consumer Protection Bill, 2016 - Drafting of the Human Settlements Development Bank Bill, 2016	A Comprehensive Human settlements legislation developed (as per APP) Human settlements Development Bank Bill Human settlements Bill Property Practitioners Bill PIE amendment Bill Housing Consumer Protection Bill The Home Loan and Mortgage Disclosure Amendment Bill	Human Settlement Legislation Developed : Development of Human Settlements Development Bank Bill 2018 Development of Human Settlements Bill 2018 Development of Property practitioners Bill 2018 Development of Housing Consumer Protection Bill 2018	Development of Human Settlement Legislation entails the following: The Human Settlements Development Bank Bill will be reworked by POLERT in order to conform to particular legal standards The Human Settlements Bill has been developed, but still needs to undergo appropriate approval structures. The Property practitioners Bill 2018 Bill [B21B-2018] was referred and debated at the National Council of Provinces and it was unanimously agreed and voted by all parties represented in Parliament and their respective provinces.	None	Not applicable

Programme 1: Administration							
Sub-programmes: Enterprise Architecture, Financial Management, Internal Audit, Special Investigations, Risk Management, Regulatory Compliance and Human Resources Management							
Strategic Objective: Promote efficient and effective administrative processes							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/2019	Comment on Deviations
				Development of The Home Loan and Mortgage Disclosure Amendment Bill 2018 Development of PIE Amendment Bill 2018	The Department is waiting for the Cabinet's approval of the Housing Consumer Protection Bill, 2016 A Cabinet Memorandum requesting Cabinet to approve the submission of the Home Loan and Mortgage Disclosure Amendment Bill, 2016 to Parliament for introduction was signed by the Minister. The Department is waiting for Cabinet approval There is a strong view that the Pie Amendment Bill must be referred back to the DRDLR		
Sub-programme: HS Ombudsman							
Strategic Objective: To provide effective dispute resolution services							
Percentage of lodged disputes investigated within 90 days	New	New	New	100% of lodged disputes investigated within 90 days	100% of lodged disputes were investigated within 90 days	None	Not applicable

Programme 1: Administration							
Sub-programmes: Enterprise Architecture, Financial Management, Internal Audit, Special Investigations, Risk Management, Regulatory Compliance and Human Resources Management							
Strategic Objective: Promote efficient and effective administrative processes							
Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from Planned Target to Actual Achievement 2018/2019	Comment on Deviations
Sub-programme: IMS and IT							
Strategic Objective: To provide ICT infrastructure that is reliable, secure and available							
Percentage availability of the HSS Database Systems to provinces	New target	99% of systems available to provinces	96% availability of HSS Database Systems to provinces	90% availability of HSS Database Systems to provinces	98% availability of HSS Database Systems to provinces	8%	The average availability for the quarter for all the systems was 98%. Maintenance was conducted as required timeously
Percentage availability of secured ICT Services	New target	90% availability of IT services	85% availability of IT support service	90% availability of secured ICT services	95% availability of secured ICT services	5%	The average availability maintained for both IT Infrastructure is 95%

Strategy to Overcome Areas of Under-performance: None

Changes to Planned Targets: There were no changes to the planned targets.

Linking Performance with Budgets

Programme 1: Administration						
Sub-programme Name	2018/19			2017/18		
	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	80 669	70 036	10 633	81 418	73 924	7 494
Departmental Management	69 427	62 411	7 016	65 287	54 544	10 743
Corporate Services	190 383	171 632	18 751	213 078	191 162	21 916
Property Management	51 097	50 577	520	48 564	48 086	478
Financial Management	56 612	56 223	389	55 722	52 059	3 663
Total	448 188	410 879	37 309	464 069	419 775	44 294

4.2 Programme 2: Human Settlements Policy, Strategy and Planning

Programme Purpose

Manage the development of, and compliance with human settlements sector delivery and inter-governmental relations frameworks, and oversee integrated human settlements strategic and planning services.

Strategic Objectives

- To develop evidenced-based policies and programmes.
- To establish partnerships to support the delivery of Human Settlements sector priorities.

Sub-programmes

- Operational Policy Framework
- Governance Framework
- Human Settlements Strategy
- Human Settlements Planning
- Stakeholder and Inter-governmental Relations

Strategic Objective, Performance Indicators, Planned Targets and Actual Achievements:

Sub-Programme: Stakeholder and Inter-governmental Relations

The sub-programme also has the responsibility and accountability for the management of stakeholder and inter-governmental relations, international

relations and co-operation, and the People's Housing Programme, under the strategic objective of stakeholder and inter-governmental relations.

The annual targets for the stakeholder and inter-governmental sub-programme in the annual performance plan include:

- Thirty three (33) partnerships concluded in terms of human settlements development.
- Six (6) initiatives in international cooperative aligned to human settlements priorities serviced.
- Thirty-two (32) inter-governmental fora coordinated in line with human settlements priorities.

The management of stakeholder and intergovernmental relations is required to achieve the planning, funding and development of integrated human settlements. This includes partnerships mobilised, stakeholder and inter-governmental forums co-ordinated and implementation protocols concluded. This strategic objective includes indicators and targets related to management and mobilisation of stakeholders to assist departmental units to perform and undertake monitoring, oversight, reporting and consultation on legislation and policy formulation and development.

In terms of performance for 2018/19 annual output is 33 partnerships mobilised with social contract stakeholders to plan, fund and implement integrated human settlements development. It includes management of responses to stakeholder petitions, as well as the activation of rapid response measures to stakeholder representation and grievances.

Furthermore, in the financial year 2018-19, the Department consulted and interacted with sector stakeholders through conferences, workshops and a summit. These include the HSDB consultation session, Women in Human Settlements Indaba, Property Sector Summit, Govan Mbeki Awards and Human Settlements Urbanisation and Rural Development Round Table.

In addition, the sub-programme has the strategic objective and target responsibility for management of regional and international co-operation and relation management. This includes management of international departmental initiatives consistent with government international policy. Based on the protocols, convention and practice the outputs include formulation of cooperation agreements, dialogues, workshops, conferences and study visits.

The achievements include but are not limited to representation and interactions as well presentations to the African Union, United Nations, UNHabitat, as well as other multilateral and bilateral forums.

The Department also maintained and managed bilateral relationships with Cuba, Singapore and Kenya, through reciprocal study visits.

Sub-programme: Operational Policy Frameworks

At a macro policy level, the Department crafted a policy framework for Human Settlements Ombudsman, and at a policy programme level, the Department revised the Informal Settlements Upgrading Programme (UISP); the associated amendment of the Emergency Housing Assistance programme per the Urban/ Inner City Eviction Management Assistance Programme and the Finance Linked Subsidy Programme (FLISP).

The UISP was revised to include simplified norms and standards for communal or shared services. The Department finalised the investigation into the emergency housing assistance programme and has since developed additional guidelines to deal with the emergency housing within the inner city areas. This guideline will serve as an addendum to the

existing Emergency Housing Assistance Programme and still needs to serve within the policy approval structures.

The meeting of Human Settlements MinMec considered the proposed policy programme enhancement of FLISP scope and approved it for implementation within the 2018/19 financial year. The revised FLISP scope now caters for people who earn between R3501 - R22 000. The FLISP approval thus correlated the FLISP subsidy quantum to a minimum amount of R21 960 for people who earn R22 000 and a maximum of R121626 for people who earn R3501. The decision by MinMec provides for further development of mortgage and non-mortgage options.

The Department also started a process of crafting a detailed guideline for the human settlements programme, Special Housing Needs. However, the Department could not conclude the crafting of the guidelines due to unforeseen delays in procurement processes. This work will now be carried through and concluded in the 2019/ 20 financial year.

In order to systematically respond to intractable and emerging policy priorities, the Department appointed a panel of specialist to deal with identifiable research

aspects in a series of strategic domains, so as to correlate and reframe policy, undertake supportive policy considerations through legislative and legal jurisprudence reviews (with the Policy Panel with the acronym POLERT) and Municipal Capacity Support Programme (MCSP). The POLERT was tasked with a responsibility to develop and review the human settlements macro policies and analysing court judgements with a view to shape new over-arching macro policy framework for human settlements, whilst the MCSP was tasked to deal with accreditation of targeted municipalities.

The MCSP is supported by an independent auditor. The Department conducted a series of pre-assessment and post accreditation monitoring support to specific provinces and municipalities. Through the support of the provincial accreditation panel, the Department managed to assess 4 municipalities in the Limpopo Province, namely: Makhado, Musina, Lephalale, Greater Tubatse Fetakgomo. The final accreditation reports have since been forwarded to the MEC for Human Settlements in Limpopo Province for approval and hand-over to the relevant municipalities.

Sub-programme: Governance Frameworks

Governance Frameworks conducted the following research work during the financial year: Evaluation of the cost drivers of social housing development, as well as research on the socio-economic and spatial restructuring impact of social housing in collaboration with SHRA; Review the model for calculating jobs created during the delivery of human settlements; Benchmark report on how other countries deal with homelessness; Analysis of the economy and functionality of the residential property market; The review of the empowerment framework for the designated groups in the human settlement sector: Set Asides.

The Department monitored structured support for entities owned and managed by target groups through the verification of the 10% set aside for the youth-owned entities and the 30% set aside for the women-owned entities. The process reflected that implementation of this set aside is picking up in provinces, albeit at slow pace. This is attributed to the Revised Preferential Procurement Regulations 2017 and the inclusion of this target on the conditions of the HSDG and USDG. Mpumalanga is the only province that achieved the target for the set aside during 2018/19 financial year. The unit has developed and is securing MinMec approval of the HS Youth Brigade Policy to this effect.

With regard to Youth Brigade training, a total of 2,162 youth were trained in all provinces. Women's training was not implemented during the 2018/19 financial year, due to delays in the appointment of training service providers by the NHBRC.

Youth Build projects were hosted successfully in the following areas: Palmridge in Gauteng; Tweefontein in Mpumalanga; Musina in Limpopo. The Deputy Minister presided over the ceremonies. The 2018 Women's Build was successfully hosted in the Eastern Cape through a Women's Indaba, which was presided over by the Minister. The Annual Mandela Build was also hosted successfully in the Eastern and Western Cape. This build

incorporated handing over of two houses to elderly citizens and a youth camp. The Department also conducted social facilitation across the nine provinces that yielded the provisioning of 30 assistive devices for people with a disability (including wheelchairs, walking sticks and arm-slings), and facilitated the sponsorship of 2 disability-compliant houses in the Eastern Cape and Western Cape.

A total of 198 projects were assessed for policy compliance during the 2018/2019 financial reporting period in all provinces. The provincial departments of Human Settlements have made considerable progress with the delivery of sustainable human settlements.

Strategic Objectives

Programme 2: Human Settlements Policy, Strategy and Planning

Sub-programme: HS Planning

Strategic Objective: To establish partnerships to support the delivery of the human settlements sector priorities

Performance Indicators	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement 2018/2019	Comment on deviations
Approved National Human Settlements Development Plan (HSDG funded)	Approved National Human Settlements Development Plan	Approved National Human Settlements Development Plan for provinces	An approved National Human Settlements Development Plan for Provinces (HSDG)	Approved National Human Settlements Development Plan (HSDG funded)	Approved National Human Settlements development Plan (HSDG funded) submitted	None	Not applicable
Urban Settlement Development plans for Metropolitan municipalities developed (USDG funded)	New	New	New	Urban Settlement Development plan for Metropolitan municipalities developed (USDG funded)	Urban Settlement Development plan for Metropolitan municipalities was developed (USDG funded)	None	Not applicable

Sub-programme: Stakeholder and IGR Engagement							
Strategic Objective: To establish partnerships to support the delivery of Human Settlements sector priorities							
Number of Partnerships, mobilised towards Human Settlements Development	The plan to mobilise the private sector was developed, approved and applied and it includes the BASA agreement	Mobilised and strengthened stakeholder participation in human settlement development	0 Partnerships, mobilised towards Human Settlements Development	14 Partnerships, mobilised towards Human Settlements Development	33 Partnerships were concluded in terms of human settlements development	19	Many activities were conducted in partnership with Social Contract signatories
Number of initiatives on international cooperation aligned to human settlement priorities serviced	Four reports on intersectoral, intersphere collaboration agreement signed and implemented	Mobilised and strengthened stakeholder participation in human settlement development	12 initiatives in international cooperative aligned to human settlements priorities serviced	6 initiatives on international cooperation aligned to Human Settlement priorities serviced	6 initiatives on international cooperation aligned to Human Settlement priorities were serviced	None	Not applicable
Number of intergovernmental fora coordinated in line with human settlements priorities	Intersectoral and inter-sphere collaboration agreements signed and implemented	Mobilised and strengthened stakeholder participation in human settlement development	25 Intergovernmental fora coordinated in line with human settlements priorities	32 intergovernmental fora coordinated in line with human settlements priorities	39 Intergovernmental Fora were coordinated in line with human settlements priorities.	7	Additional intergovernmental forums coordinated and participated in as requested by management in line with human settlements priorities.

Sub-programme: Operational Frameworks							
Strategic Objective: To develop evidence based policies and programmes							
Policy framework for human settlements developed	Existing policies	Existing policies	Policy framework for human settlements developed	A policy Framework for Human Settlements developed: Human Settlements Ombudsman	A policy Framework for Human Settlements was developed: Human Settlements Ombudsman	None	Not applicable
Human Settlements Code revised	Draft framework for the development of human settlements code	A framework for the human settlements Code developed	Programmes in Housing Code reviewed	Programmes in the code revised	One out of the two Programmes was revised i.e, Upgrading of informal Settlements programme .	The review of the Detailed Implementation Guidelines for the Special Housing Needs was not achieved.	The development of the detailed guidelines was not concluded due to delays in the appointment of the consultant. The Programme will be carried over into the new financial year
Sub-programme: Governance Frameworks							
Number of researches to support policy development conducted	New target	New target	Research to support policy development conducted	Three researches to support policy development conducted	Four Research documents to support policy development conducted	One Research	The performance was aligned to the Research agenda

Strategy to Overcome Areas of Under-performance: None

Changes to Planned Targets: There were no changes to the planned targets.

Linking Performance with Budgets

Programme 2: Human Settlements Policy, Strategy and Planning						
Sub-programme Name	2018/19			2017/18		
	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 Policy, Strategy and Planning	8 114	6 866	1 248	7 956	7 067	889
Human Settlements Policy Frameworks	33 149	30 782	2 367	32 714	29 685	3 029
Human Settlements Strategy and Planning	55 878	52 458	3 420	70 583	63 102	7 481
Total	97 141	90 106	7 035	111 253	99 854	11 399

4.3 Programme 3: Programme Monitoring and Delivery Support

Purpose

The purpose of this programme is two-fold:

To support the execution, monitor and evaluate the implementation of human settlements programmes and projects. To manage the building of capacity and skills in the sector and provide oversight of public entities.

Strategic Objectives

- Provide implementation support on the delivery of sustainable human settlements.
- Enhanced sector monitoring and evaluation.
- Improved support and capacity for the human settlements sector.

Sub-programmes

- Programme and Project Planning Support
- Programme Implementation Facilitation
- Programme Monitoring and Evaluation
- Programme Regulatory Compliance Services
- Technical Capacity Development

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

Sub-programme: Programme and Project Planning

Support provided with implementation of the approved catalytic projects

The programme to implement human settlements catalytic projects is active in all provinces. The projects are spread as follows: Limpopo (2), Gauteng (15), Mpumalanga (1), North West (2), Free State (5), KNZ (8), Eastern Cape (6) and Western Cape (8).

During the period under review, the programme supported the planning, budgeting and implementation of the 50 projects jointly with provinces and municipalities. The potential is: 688 445 units; 612 929 job opportunities. This included the resolution of litigation and other implementation bottlenecks. Of the 50 projects, 24 are currently in the planning stage, while 26 are at various stages of implementation, such as services installation and/or top structure construction.

While the provinces and metropolitan municipalities are central to the implementation of all catalytic projects, the Housing Development Agency is the designated Programme Management Agent. National and provincial steering committees served as the focal point to address strategic, operational and technical project implementation concerns, as well as review project progress reports and sustainability of the programme.

Below are the key deliverables achieved during the period under review.

Programme Delivery Facilitators

The period under review saw the finalisation of appointments of Programme Delivery Facilitators (PDFs) to enhance the project and programme management capacity in the national Department. The facilitators commenced work at the beginning of Quarter 3 of the 2018/19 Financial Year (1 October 2018).

Duncan Village Implementation Protocol (IP)

A key tripartite IP between the NDHS, the provincial Department of Human Settlements and the Buffalo City Metro was

drafted and signed. It covers the Metro at large, but also specifically facilitates implementation of the Duncan Village catalytic project that was stalled for many years, due to unresolved litigation.

Sub-programme: Programme Implementation Facilitation

Upgrading of Informal Settlements

Development feasibility assessments were concluded for 500 informal settlements in Buffalo City, Nelson Mandela Bay, City of Jhb, City of Tshwane, Midvaal, Ngaka Modiri Molema district and Ruth Mompoti district. 319 informal settlements upgrading plans developed in Tlokwe, Maquassie Hills, Kgetleng Rivier, Buffalo City, Nelson Mandela Bay, City of Jhb, City of Tshwane, Midvaal and Lesedi. The NUSP also provided Technical Assistance to 41 municipalities and all provinces during the year under review.

Support with Implementation of Subsidy Housing and Human Settlements Programmes

Provinces were provided with support in the implementation of subsidy housing programmes during the period under review through the Project Process Guide for Human Settlements Programmes. Furthermore, there is ongoing support to North West, Limpopo and Western Cape through various governance structures.

The Provincial Department of Local Government and Human Settlements in North West was placed under administration, in terms of section 100 (1) (a) of the Constitution, on 25 April 2018. The NDHS provided overall programme support to the province and this is carried out through Steering Committee reporting into the Technical Task Team of the Inter-Ministerial Task Team (IMTT).

Affordable Rental Housing

Through the quarterly National Rental Housing Task Team, the sub-programme ensures delivery facilitation through planning for projects, funding and policy clarification. Implementation of approved projects is also monitored through the Department's NRHTT. Accordingly, 1662 affordable private housing opportunities, 6959 social housing units and 964 CRUs were completed.

Sub-programme: Stakeholder and Inter-governmental Engagement

The annual targets for the Stakeholder and Inter-governmental sub-programme under this programme are:

- Nine (9) provinces supported with the delivery of 1000 military housing opportunities.
- Seven (7) provinces and six (6) metros supported with implementation of the enhanced PHP Policy Framework.

In terms of the People's Housing Programme (PHP), the Department has the responsibility to support metropolitan municipalities with the implementation of the PHP policy framework. In addition, the programme promotes and supports the upgrading of informal settlements and rural housing through the PHP. The programme also undertakes the repositioning PHP programme to interface with the Informal Settlements Upgrading Programme by institutionalising a self-help model. The modalities of this model is being refined and will form part of proposals to NT for the Informal Settlements Upgrading Grant.

The outputs for the period under the review include the fact that the Depart-

ment supported eight (8) provinces (North West, KZN, Western Cape, Gauteng, Limpopo, Free State, Mpumalanga and Eastern Cape) with the implementation of PHP Policy during the year under review. This included capacity building workshops, undertaking oversight visits to current projects, unblocking bottlenecks and clarifying policy interpretation. A key ancillary output achieved is the support in the development and sustainability of cooperatives in the North West, Western Cape, Free State, Gauteng, Eastern Cape and KZN, through the implementation of the principles of cooperation, delivered capacity development initiatives and supported some cooperatives to register with CIPC whilst others were supported to access the cooperative incentive scheme (CIS) grant.

The Military Veterans programme has sought to increase the pace of delivery of adequate housing for Military Veterans, however ongoing contestation over bona fide beneficiaries has stymied the performance of the programme. While human settlements projects are implemented with potential to yield units for prioritised beneficiaries, there has been an increase in the invasion of earmarked houses for veterans. Provinces are working with stakeholders, including the Department of

Military Veterans, to resolve contestations over rightful beneficiaries, and to clarify economic opportunities offered by the programme.

Sub-Programme: Programme Monitoring and Evaluation

Percentage (%) of Projects being Implemented that were Monitored and Verified (HSDG and USDG)

During the period under review, the Programme reported project performance in terms of the HSDG, which was verified in all nine provinces through analysis of other data sources and project site visits. Projects that are implemented vary in numbers from one quarter to another. In quarter one, 503 projects (HSDG) were verified through the analysis of other data sources, and out of those projects, 55 projects (representing 10.9%) were further sampled and verified through project site visits. In quarter two, 486 projects (HSDG) were verified through the analysis of other data sources, and out of those projects, 56 projects representing 11.5% were further sampled and verified through project site visits. In quarter three, 520 projects (HSDG) were verified through the analysis of other data sources, and out of those projects, 65 projects representing 12.5% were further sampled and verified through project site visits. In quarter four,

a total of 518 projects (HSDG) reported delivery, and desktop verification and the analysis of other data sources was conducted.

In total, 2 027 projects incurred expenditure on sites and units in the 2018/19 financial year and were verified through analysis of other data sources. Of those, a sample of 176 projects were verified through physical site visits. All other milestones were achieved, including identification of the projects that were delivered to arrangements with the provinces, conducting on-site verification and drafting of comprehensive reports.

The findings and recommendations of the monitoring and verification exercises are reflected in the project level monitoring reports.

In addition, the programme monitored and verified the performance of the metropolitan municipalities receiving the USDG through regular meetings and actual projects site visits. Actual site visits are carried out bi-annually as USDG projects are mainly infrastructure provision projects. As it is the case with the HSDG, projects implemented vary in numbers from one quarter to the other. In

quarter one, 1 089 projects in progress were verified through the analysis of other data sources, and out of those, 81 projects representing 7.4% were further sampled and verified through site visits. In quarter two, 1 860 projects in progress, were verified through desktop analysis and analysis of other data sources. In quarter three, 986 projects in progress were verified through the analysis of other data sources, 74 projects representing 7.5% were further sampled and verified through site visits. In quarter four, 1 014 projects in progress, were verified through desktop analysis and analysis of other data sources. In total, 155 projects were verified through project site visits.

The HSDG and USDG annual performance evaluation reports were compiled, analysed and submitted to NT during the period under review.

Quarterly Reports on the Implementation of Outcome 8

The programme compiled and submitted four quarterly reports on the progress made with the implementation of Outcome 8 of the Programme of Action regarding the provision of sustainable human settlements. The reports were submitted for consideration to the Human Settlements Implementation Forum, as well as

the Cabinet Committee, together with the relevant Cabinet Memorandum.

Evaluation Studies Completed

The programme finalised the study titled, Evaluation of the Interventions by the Department of Human Settlements (DHS) to Facilitate Access to the City by the Poor. The programme also initiated the following evaluation studies during the period under review: Rapid Appraisal of Outcome 8 (2014-19); Impact of the Housing Chapters of the Integrated Development Plan (IDP) on the Budget; Programme Structure; APP and Society; Impact Evaluation of the Upgrading of Informal Settlements in South Africa.

Produced Data Analysis Reports on Delivery Trends

During the 2018/19 financial year, the programme compiled and made available data analysis (delivery trends) reports to support decision-making. Housing and human settlement development data was made available for reporting, and data management support was provided in respect of spatial and non-spatial Information.

Back-up data from the HSS was gathered from provincial departments and the operational HSS data (20 065 project

records), in order to update the National Data Warehouse.

Maps of Housing Projects and informal settlements were compiled and mapping was done of delivery on an ongoing basis in respect of informal settlements, catalytic projects, blocked projects and mining municipalities. This included geographic location database of current projects.

Sub-programme: Regulatory Compliance Services

The Minister of Finance provided concurrent approval for the consolidation of the Development Finance Institutions (DFIs) in terms of Section 66(1) and 66(3) of the Public Finance Management Act, 1999 (Act No 1 of 1999) on 17 September 2018. This was the final approval required to implement the merger agreements between: RHLF and National Housing Finance Corporation (NHFC); NURCHA and NHFC. The effective date of the consolidation was 1 October 2018. This represents the achievement of a significant project milestone. The focus of the project will now shift to the finalisation of the Human Settlements Development Bank Bill that will provide for the establishment of the HSDB.

During the financial year under review, eight (8) annual reports of the human settlements entities were tabled in Parliament by the tabling date, as planned. Furthermore, the first, second and final draft Strategic Plan and APP of the human settlements entities for the 2019/20 financial year were reviewed and the final plans were submitted to the Executive Authority for approval.

Sub-programme: Technical Capacity Development

During the period under review, the Department implemented capacity development initiatives that addressed skills shortages through the training of human settlements practitioners. 617 human settlements practitioners from eight provinces: Limpopo, North West, Northern Cape, Mpumalanga, Western Cape, Eastern Cape; Free State and KZN were trained in human settlements development programmes. In addition, the supply of graduates in key fields of expertise through scholarship programme was secured. Consumer education

was rolled out on an on-going basis in all provinces. The South Africa-Cuban Technical Support Programme has delivered critical technical expertise to enhance project delivery by the Human Settlements provincial departments.

On the organisational development front, the Department spearheaded the implementation of knowledge management in the sector through the development of a Human Settlements Sector Knowledge Management Strategy. This serves as a framework for the institutionalisation of knowledge management in provincial departments and municipalities. Furthermore, provincial departments and municipalities were supported with the development of their organisational structures and the implementation of capacity development programmes to enhance their capacities.

The following are some of the notable achievements:

180 Councillors, Traditional Leaders and municipal officials were capacitated through short learning programme with Nelson Mandela University (NMU).

Twenty-two (22) Members of Parliament and their support staff were capacitated through the following modules:

- Sustainable human settlements planning – an integrated approach
- Managing public participation in human settlements development
- Land policies and legislation
- Property Law
- Property Development

The above achievements were facilitated through the partnership that the Department has with the Nelson Mandela University Chair for Human Settlements.

A total of twelve (12) students have conducted human settlements research on various topics, such as: understanding the low-cost housing market with specific focus on housing as an asset; investigation of the quality of low income housing in achieving sustainable human settlements.

Strategic Objectives

Programme 3: Programme Monitoring and Delivery Support							
Sub-programme: Programme and Project Planning							
Strategic Objective: Provide implementation support on the delivery of sustainable human settlement							
Performance Indicators	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement 2018/2019	Comment on Deviations
Project Readiness Matrix implemented in 9 provinces	Implement and review the guideline framework for testing project readiness	Implement and review the guideline framework for testing project readiness	Guideline Framework for Testing Project Readiness (PRM) implemented in 9 provinces	Project Readiness Matrix implemented in 9 provinces	The Project Readiness Matrix was implemented in 9 provinces. The report on project readiness was produced.	None	Not applicable
Support provided on the implementation of catalytic programme	13 catalytic projects that address spatial, social and economic integration were planned.	15 catalytic projects implemented	48 project progress reports submitted. Projects under various stages of implementation.	Provide support on the implementation of catalytic programme	Support provided on the implementation of catalytic programme	None	Not applicable
Support provided on the implementation of the Revitalization of Distressed Mining Communities Program	23 mining towns' interventions planned	11 human settlement interventions implemented in mining towns.	22 mining towns supported on human settlements development interventions	Provide implementation support to the Revitalisation of Distressed Mining Communities Program	Implementation support was provided to the Revitalisation of Distressed Mining Communities Program	None	Not applicable

Sub-programme: Programme Implementation Facilitation							
Strategic Objectives: Provide implementation support on the delivery of sustainable human settlement							
Number of informal settlements assessed (Feasibility Study conducted)	463 informal settlements were assessed and categorised	283 feasibilities on informal settlements conducted	61 informal settlements assessed (Feasibility Studies conducted)	477 informal settlements assessed (Feasibility Studies conducted)	500 informal settlements assessed (Feasibility Studies conducted)	23	Some assessments that commenced in the previous financial year were completed in the financial year under review
Number of informal settlement upgrading plans developed	76 informal settlement upgrading plans were developed	413 informal settlement upgrading plans developed	109 Informal settlement upgrading plans developed	500 Informal settlement upgrading plans developed	319 Informal settlement upgrading plans developed	181	Professional resource teams were refused access to settlements
Number of provinces and metros supported on the implementation of the informal settlements upgrading programme	New target	New target	New target	9 provinces and 8 metros supported on the implementation of the informal settlements upgrading programme	9 provinces and 8 metros were supported on the implementation of the informal settlements upgrading programme	None	Not applicable

Number of provinces supported in implementing the housing subsidy programme	99 904 housing units were delivered	90 692 subsidy housing opportunities provided	86 131 individual units for subsidy housing submarket provided	9 provinces supported in implementing the subsidy housing programme	9 provinces were supported in implementing the subsidy housing programme	None	Not applicable
Support provided on the implementation of private affordable rental housing	12 097 affordable rental housing opportunities provided: • social housing: 3 480 opportunities • CRU: 2 152 opportunities • NHFC: 6 465 opportunities.	5 040 affordable rental opportunities delivered	3 506 private affordable rental housing opportunities delivered	Provided support on the implementation of private affordable rental housing	Provided support on the implementation of private affordable rental housing	None	Not applicable
Support provided on the implementation of Social Housing programme	12 097 affordable rental housing opportunities were provided, comprised of: • social housing: 3 480 opportunities • CRU: 2 152 opportunities • NHFC: 6 465 opportunities.	3 595 of social housing units delivered	3 535 Social Housing units delivered	Provided support on the implementation of Social Housing programme	Provided support on the implementation of Social Housing programme	None	Not applicable
Support provided on the delivery of Community Residential Units	12 097 affordable rental housing opportunities were provided, comprised of: • social housing: 3 480 opportunities • CRU: 2 152 opportunities • NHFC: 6 465 opportunities	981 community residential units delivered	546 Community Residential Units (CRU) delivered	Provided support on the delivery of Community Residential Units	Provided support on the delivery of Community Residential Units.	None	Not applicable

Sub-programme: HS Planning							
Strategic Objective: Provide implementation support on the delivery of sustainable human settlement							
Multiyear land assembly plan for human settlements development compiled	3 589.1 hectares of land were identified and released for human settlements development	6 250.385 ha of well-located land acquired	3 329.446 Hectares of well-located land acquired and released for new developments. 1 574.6851 Hectares of well-located land rezoned for new developments	Multiyear land assembly plan for human settlement development plan compiled	Multiyear land assembly plan for human settlement development plan compiled and submitted	None	Not applicable
Number of provinces supported in the implementation of the Title Deeds restoration programme (Pre and Post 1994)	14 266 title deeds backlog	135 878 title deeds eradicated	81 929 pre-and post-1994 title deeds issued as reported by the provinces. National department verification exercise totalled to 41 841	9 Provinces supported in the implementation of the Title Deeds restoration programme (Pre and Post 1994)	9 Provinces were supported in the implementation of the Title Deeds restoration programme (Pre and Post 1994)	None	Not applicable
Number of provinces supported in the implementation of Title Deeds programme (from April 2014)	New target	60 740 title deeds for new subsidy houses issued	81 929 title deeds for new subsidy houses issued. As reported by the provinces. National department verification exercise totalled to 41 841	9 Provinces supported in the implementation of Title Deeds programme (from April 2014)	9 Provinces were supported in the implementation of Title Deeds programme (from April 2014)	None	Not applicable

Sub-programme: Stakeholder Mobilisation and IGR Engagement							
Strategic Objective: Provide implementation support on the delivery of sustainable human settlement							
Number of provinces supported in the delivery of housing opportunities to Military Veterans	311	1 700 non-statutory Military Veterans housed	480 Military Veterans houses delivered	Nine (9) Provinces supported in the delivery of 1000 housing opportunities	Nine Provinces were supported in the delivery of housing opportunities. 230 housing opportunities (92 in Gauteng, 28 in Eastern cape, 83 in Western Cape, 3 in Mpumalanga, 13 in Limpopo and 11 in North west)	770 housing opportunities	Provinces are reluctant to build houses due to contests over the correct, legitimate and qualifying beneficiaries
Number of provinces and metros supported in the implementation of PHP policy	Consolidation of the institutional capacity for PHP is in progress. Various provinces have been supported in the implementation of PHP and the support has yielded 8 498 PHP units.	Seven (7) provinces and five (5) metros supported in the implementation of the PHP Policy	Supported eight (8) Provinces and six (6) Metros. Western Cape, Eastern Cape, Kwa Zulu Natal, Mpumalanga, North West, Gauteng, Free State, Limpopo and City of Cape Town, Nelson Mandela Bay Metro, Mangaung, City of Johannesburg, Ethekewini, Ekurhuleni supported in the implementation of PHP Policy	7 Provinces and 6 Metros supported in the implementation of PHP Policy	7 Provinces and 6 Metros were supported in the implementation of PHP Policy	None	Not applicable

Sub-programme: Regulatory Compliance Services
Strategic Objective: Provide implementation support on the delivery of sustainable human settlement

Single DFI established (Human Settlements development bank)	The DFI consolidation project is currently in the process of being implemented and deliverables achieved include a tax amendment that has been agreed to with National Treasury	The Minister as the designated shareholder and responsible Executive Authority of the NHFC approved the reconstitution of the Board of the NHFC The three entities under integration are fully represented and the operational integration of the three entities has commenced All the required legal, governance and regulatory approvals are in place for the operational integration A draft bill for the establishment of Human Settlements Development Bank is being finalised for submission to Cabinet	Single DFI operational integration not yet implemented	Operational integration implemented	Operational integration was implemented	None	Not applicable
---	---	--	--	-------------------------------------	---	------	----------------

Sub-programme: Technical Capacity Development
Strategic Objective: Improved support and capacity for the human settlements sector

Number of Provincial departments supported in the implementation of Human Settlements apex Programmes	New Target	New Target	New Target	9 Provincial departments supported in the implementation of Human Settlements apex Programmes	9 Provincial departments were supported in the implementation of Human Settlements apex Programmes	None	Not applicable
Number of practitioners trained in human settlements Programmes	350 officials trained on human settlements skills development programmes	400 practitioners trained on human settlements specific skills	855 practitioners trained in human settlements skills development programmes	560 practitioners trained in human settlements Programmes	639 practitioners trained in human settlements Programmes	79	Positive response from municipalities and provinces. Partnership with Entities
Number of youth supported through scholarship programme	70 youth supported through a scholarship programme	249 youth supported through a scholarship programme	101 youth supported through the Bursary Programme	75 youth supported through scholarship programme	75 youth were supported through scholarship programme	None	Not applicable

Sub-programme: Monitoring and Evaluation							
Strategic Objective: Enhanced sector monitoring and evaluation							
Percentage of projects under implementation monitored and verified (HSDG and USDG)	100% of running projects monitored through physical site visits and other verification methodologies	96.6% of projects under implementation monitored and verified (HSDG and USDG)	99% of projects under implementation monitored and verified (HSDG and USDG)	100% of projects under implementation monitored and verified (HSDG and USDG)	100 % Projects under implementation were monitored and verified (HSDG and USDG)	None	Not applicable
Number of evaluation studies completed	One (1) report on the impact of Human Settlements programmes on the quality of living environments (UISP Baseline) was published	One (1) evaluation study conducted (Affordable Housing)	Terms of Reference approved by Bid Adjudication Committee for advertisement on 8 March 2018	1 evaluation study (UISP three year impact) completed (as per APP) 1 evaluation study initiated (as per 3 year)	1 evaluation study (UISP three year impact) not completed 1 evaluation study not initiated (as per 3 year) The Terms of Reference has been approved	1 evaluation study (UISP three year impact) not done	Service provider not yet appointed due to the bidders not being responsive

Strategy to Overcome Areas of Under-performance: None.

Changes to Planned Targets: There were no changes to the planned targets.

Linking Performance with Budgets

Programme 3: Human Settlements Delivery Support						
Sub-programme Name	2018/19			2017/18		
	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 for Programme Delivery Support	10 510	8 346	2 164	14 829	11 248	3 581
Programme Management Unit	168 026	125 387	42 369	140 999	102 148	38 851
Chief of Operations	52 971	40 799	12 172	49 291	43 151	6 140
Total	231 507	174 532	56 975	205 119	156 547	48 572

4.4 Programme 4: Housing Development Finance

Programme Purpose

To fund the delivery of housing and human settlements programmes and manage all matters related to improving access to housing finance and developing partnerships with the financial sector.

Sub-programme

Chief Investment Officer

Strategic Objective

Efficient and effective utilisation of human settlements grants.

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

For the 2018/19 financial year, the programme achieved the following deliverables:

Grants Management

- The grants allocation processes for HSDG in the 2018/19 financial year were finalised and approved. The voted funds for HSDG amounted to R18.2 billion. There was an additional funding of R100.1 million allocated to KZN (R100 million) and Western

Cape (R127 thousand) provinces for repairs to infrastructure damaged by flooding.

- The approved roll-over from 2017/18 financial year amounted to R176.5 million and the total available funds to be spent by provinces increased to R18.4 billion. A total of R18.3 billion was transferred to provinces and spending related to that was R18.1 billion, representing 98% of the total available funds. There was no stopping and reallocation of funds for the 2018/19 financial year.
- The Title Deeds Restoration Grant (TDRG) to provinces had a total allocation of R518.6 million. There was no roll-over and the total amount of R518 million was transferred to provinces and spending was R175.9 million, which represents 66% of the total voted funds.
- The USDG to metropolitan municipalities had voted funds of R11.3 billion plus an approved roll-over of R79.8 million, making total available funds of R11.4 billion. As at 31 March 2019, R11.3 billion was transferred to municipalities, which in turn spent a total of R4.9 billion, which represents 43.5% of the total available funds.

The remaining funds can be spent within the financial year of the metropolitan municipalities, which ends in June 2019.

- NT stopped the following payments: R400 million to Mangaung (R49.8 million); City of Ekurhuleni - R136.3 million; City of Tshwane - R106 million; eThekweni - R107.8 million. This was due to the poor performance of the metropolitan municipalities. The stopped funds were reallocated to the Buffalo City Municipality (R200 million) and Nelson Mandela Bay (R200 million) metropolitan municipalities.
- The Provincial Emergency Housing Grant, with a purpose of providing funding to provinces for provision of temporary shelter assistance to households affected by disasters, had voted funds of R260 million. A total of R204.7 million was transferred to the following provinces; Mpumalanga (R120.9 million) and Western Cape (R83.8 million). Mpumalanga Province spent R67 million (55%), whilst Western Cape Province reported no expenditure for the period.
- The Municipal Emergency Housing Grant, with a purpose of providing

funding to municipalities for provision of temporary shelter assistance to households affected by disasters, had voted funds of R140 million. A total of R37.8 million was transferred to Bitou Local Municipality (R3.9 million), Nelson Mandela Metro (R7.1 million), Buffalo City Metro (R9.0 million), Jozini Local Municipality (R10.8 million), OR Tambo Local Municipality (R5.3 million) and Joe Morolong (R1.5 million). Bitou was the only municipality that reported expenditure of R3.9 million (99%) for the period.

Finance Linked Individual Subsidy Programme

During the 2018/19 financial year, there were a few policy changes implemented in terms of FLISP. A policy review was concluded to ensure a dedicated funding dispensation, a national implementing agent centralised to National Housing Finance Corporation (NHFC). This was to better align FLISP with Employer Assisted Housing (EAH) and Government Employee Housing Scheme (GEHS) qualifying beneficiaries to maximise the implementation options.

Increased the upper income threshold for qualifying household beneficiaries from R15 000 to R22 000 per month; and adjust the subsidy quantum for households earning R22 000 pm to a subsidy of R27 960 and for the income group earning between R3 501 to R3 700 per month to a maximum subsidy amount of R121 626.

Top-slicing of the HSDG at national level for dedicated funding for the FLISP and implementing agent.

For the year under review, a total of R842 million was ring fenced for FLISP to assist 16 870 beneficiaries, as per the approved provincial business plans. By March 2019, R366.6 million was disbursed to a total of 1 673 beneficiaries, as per the DORA reports. This leaves a variance of 15 197 beneficiaries.

Employee Assisted Housing

During the year, various engagement sessions were held with companies such as Sasol Mining, Ford, Nissan, BMW, Transnet and Royal Bafokeng, so as to ascertain: the prevalence of employee

assisted housing (EAH) in these companies; the promotion of the EAH programme and FLISP.

With regard to SASOL, the company plans to deliver 500 houses to their employees from July 2016 to June 2020 in 8 phases in Secunda (Mpumalanga) and has budgeted R50 million. As at the end of February 2019, a total of 161 newly built houses had been handed over to first-time homeowners. During the construction of these houses, a total of 113 jobs were created for local residents. The programme was awarded the Govan Mbeki Award for best employer housing projected supported by FLISP in 2018.

Increase in volume of home loans granted by DFIs to households in the affordable housing market (over and above that which produces new houses)

Since the beginning of the current (2014/15-2017/18) Mid-Term Strategic Framework (MTSF) period, the Department has been monitoring the Development Finance Institution's (DFIs) performance against the MTSF target.

In last financial year of the MTSF period (2014/15 to 2018/19) the National Housing Finance Corporation (NHFC) achieved a total of 4 222 units, including the Finance Linked Individual Subsidy Programme (FLISP). The institution managed to achieve and exceed its five-year target by 74 767 units (target 47 897, actual 112 644). Although in the 2018/19 financial year performance was low compared to the past four year of the MTSF period, it did not affect the overall MTSF performance of NHFC.

To date, RHLF has delivered 198 548 (85%) of the 233 636 five-year target. For 2018/19, 32 140 incremental housing loans were achieved against a target of 36 804. This number pushed performance to 85% at the end of the MTSF period.

NURCHA delivered 706 (52%) houses built and serviced sites from a targeted 1 365 in 2018/19. This non-performance did not hinder the overall performance of the five year period drastically. The institution achieved 7 716 (2014/15 to 2017/18) houses and sites built, this is 96% of the 7

992 five year target. The aforementioned shows NURCHA as the most significantly improved of the three institutions. This is attributed to the review of its five-year target in the 2017/18 financial year, when it was reduced to a more realistic target.

Home Loans and Mortgage Disclosure Act 63 of 2000 (Act 63 of 2000)

Home Loans and Mortgage Disclosure Act (HLAMDA) and its supporting tools implemented and information from financial institutions collated and analysed in terms of provisions of the Act. Annual report on the lending patterns and practices by Financial Institutions for the reporting period 2017 prepared and submitted to the Minister in terms of the requirements of the Act. The quarterly reports on the lending patterns and practices by Financial Institutions prepared and submitted to the Director-General in terms of the MTSF requirements. The quarterly reports on performance of the Office of Disclosure prepared in terms of provisions of the Act (HLAMDA).

Strategic Objectives

Programme 4: Housing Development Finance							
Sub-programme: Chief Investment Officer							
Strategic Objective Efficient and effective utilisation of human settlements grants							
Performance Indicators	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement 2018/2019	Comment on Deviations
Number of quarterly performance assessments conducted (HSDG and USDG)	Annual reports on HSDG, USDG and Municipal Human Settlements Capacity Grant (MHSCG) were produced and submitted	Four (4) HSDG and USDG quarterly performance assessments submitted to management	4 HSDG & USDG quarterly performance assessments conducted	4 HSDG & USDG quarterly performance assessments conducted	4 HSDG & USDG quarterly performance assessments were conducted	None	Not applicable
Percentage of the HSDG construction budget allocated to designated groups as per the Regulation	New Target	New Target	Report on 10.42 per cent of the HSDG construction budget allocated to Women and Youth Contractors	30% of the HSDG construction budget allocated to designated groups as per the Regulation	19% of the HSDG construction budget allocated to designated groups as per the Regulation	11%	Provinces did not allocate the required percentage Other information submitted is not verifiable
Percentage of the USDG construction budget allocated to designated groups as per the Regulation	New Target	New Target	Report on 8.09 per cent of the USDG construction budget allocated to Women and Youth Contractors	30% of the USDG construction budget allocated to designated groups as per the Regulation	15% of the USDG construction budget allocated to designated groups as per the Regulation	15%	Metros did not allocate the required percentage Other information submitted is not verifiable
Number of FLISP performance assessments conducted	2 253 FLISP subsidies allocated to approved beneficiaries	2 660 subsidies allocated to approved beneficiaries	2 218 FLISP allocated to beneficiaries	4 FLISP performance assessments conducted	4 FLISP performance assessments were conducted	None	Not applicable
Number of assessments on the volume of loans granted by DFIs for the affordable housing market conducted	One quarterly assessments on the volume and number of loans granted by DFIs for the affordable housing market	One quarterly assessments on the volume and number of loans granted by DFIs for the affordable housing market	4 assessments on the volume of loans granted by DFIs for the affordable housing market submitted	4 assessments on the volume of loans granted by DFIs for the affordable housing market conducted	4 assessments on the volume of loans granted by DFIs for the affordable housing market were conducted	None	Not applicable

Programme 4: Housing Development Finance							
Sub-programme: Chief Investment Officer							
Strategic Objective Efficient and effective utilisation of human settlements grants							
Performance Indicators	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/19	Deviation from Planned Target to Actual Achievement 2018/2019	Comment on Deviations
Assessments of employers' contribution towards Employer Assisted Housing	New Target	New Target	2 reports Bi-annual assessment of employer Assisted Housing	Bi-annual assessment of employers' contribution towards Employer Assisted Housing	Bi-annual assessment of employers' contribution towards Employer Assisted Housing was conducted	None	Not applicable
Annual performance analysis of financial institutions on their lending patterns on home loans conducted	Annual report on the performance of financial institutions and their lending patterns on home loans	Annual report on the performance of financial institutions and their lending patterns	Annual performance analysis of financial institutions on their lending patterns on home loans conducted	Annual performance analysis of financial institutions on their lending patterns on home loans conducted	Annual performance analysis of financial institutions on their lending patterns on home loans was conducted	None	Not applicable
Number of performance assessments on the Office of Disclosure	New Target	New Target	New Target	4 performance assessments on the Office of Disclosure	4 performance assessments on the Office of Disclosure were conducted	None	Not applicable

Strategy to Overcome Areas of Under-performance: None.

Changes to Planned Targets: There were no changes to the planned targets.

Linking Performance with Budgets

Programme 4. Housing Development Finance						
Sub- programme Name	2018/19			2017/18		
	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 for Housing Development Finance	4 049	2 855	1 194	4 082	2 713	1 369
Chief Investment Officer	24 485	24 025	460	24 557	22 975	1 582
Human Settlements Development Grant	18 266 647	18 266 647	-	19 969 343	19 969 343	-
Contributions	1 159 034	1 159 034	-	1 317 031	1 317 031	-
Urban Settlements Development Grant	11 306 137	11 306 137	-	11 382 247	11 382 247	-
Emergency Housing Grant	400 000	242 514	157 486	-	-	-
Title Deeds Restoration Grant	518 655	518 655	-	-	-	-
Total	31 679 007	31 519 867	159 140	32 697 260	32 694 309	2 951

5. TRANSFER PAYMENTS

5.1 Transfer Payments to Public Entities

Name of Public Entity	Services Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity	Achievements of the Public Entity
EAAB	- Regulate, maintain and promote the standard of conduct of estate agents having due regard to the public interest - Issue fidelity fund certificates to qualifying applicants. - Prescribe the standard of education and training of estate agents - Investigate complaints against estate agents and institute disciplinary proceedings against offending estate agents where required - Manage and control the Estate Agents Fidelity Fund	EAAB does not receive financial assistance from the NDHS.	EAAB does not receive financial assistance from the NDHS.	59 % of certificates issued to new registered and compliant estate agents within 21 days 70% renewal certificates issued to current, registered and compliant estate agents within 5 days 14 541 youth placed on the One Learner One Estate Agent programme 85% of complaints resolved within 6 months 130 Financial Intelligence Centre inspections performed 100% of qualifying estate agents who enrolled paid and wrote the exam have received their exam results 36 estate agent roadshow seminars were run 390 youth were placed with host employers through the property incubator process 89% of claims finalised for payments within 6 months
CSOS	- Provides a Dispute Resolution Service for Community Schemes. - Keeps custody of governance documentation for Community Schemes to facilitate good governance, and to provide client access to that documentation Schemes, in order to improve awareness of Community Schemes as an alternative tenure option for citizens - Educates the public about rights and responsibilities of living in Community Schemes - Manages the Sectional Titles Management Act	R31.1 million	R31.1 million	- Registered 1 862 community schemes. 1 623 governance documentation of community schemes quality assured 79.5% of disputes received were resolved 1 071 certificates issued for community schemes quality assured 6 stakeholder engagement events conducted - Levy income of R131 111 801 collected

Name of Public Entity	Services Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity	Achievements of the Public Entity
HDA	- Land assembly and land acquisition/ release - Land holding and land holding support - Land geo-spatial services - Programme and project portfolio planning and management - Informal settlement upgrading - Support to national programmes (catalytic projects, mining towns and NUSP) - Section 29 mandated projects, N2 Gateway and Zanemvula Project technical implementation support	R222.17 million	R222.17 million	1 305.4108 hectares of land released for human settlement development 4 parcels of land have been rezoned 57 catalytic projects managed for implementation - Spatial transformation plans were completed 6 961 housing units provided with capacity and implementation support 10 749 serviced sites provided with capacity and implementation support 9 provinces provided with capacity support, as per MTOPs and business plans 20 mining town projects provided with technical support 5 informal settlement projects provided with implementation support
National Housing Finance Corporation (NHFC)	- To broaden and deepen access to affordable housing finance for low-income and middle-income households - To facilitate the increased and sustained lending by financial institutions to the affordable housing market and mobilize funding into the human settlements space, on a sustainable basis, in partnership with the broadest range of financial institutions - Additionally, it was assigned by the Department in September 2011, in order to implement FLISP with provincial Human Settlements Departments	R80 million	R80 million in loans advanced for Social Housing and Private Rental Housing	2 242 social housing units facilitated 579 private rental housing units facilitated 230 affordable housing units facilitated - R110 million social affordable housing loans disbursed - R152 million private rental housing loans disbursed - R120 million affordable housing loans disbursed - Facilitated 2 629 Private rental housing units through leveraged funds - Facilitated 669 affordable housing units through leveraged funds - R514 million private rental housing leveraged from the private sector for private rental housing - R1 206 million leveraged from the private sector for affordable housing - Approved 759 FLISP applications - Created 9 615 job opportunities - Loans disbursements provided to 329 women, youth and emerging BEE entrepreneurs

Name of Public Entity	Services Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity	Achievements of the Public Entity
NHBRC	• Inspection of Homes • Registration of homebuilders • Enrolment of homes • Training of homebuilders and youth	NHBRC does not receive financial assistance from the NDHS	NHBRC does not receive financial assistance from the NDHS	• Conducted a total of 66 738 inspections in the non-subsidy sector • Conducted a total of 14 117 inspections in the subsidy sector • Registered 3 600 homebuilders • Enrolled a total of 51 585 homes in the non-subsidy sector • Enrolled a total of 76 526 homes in the subsidy sector • 2 541 homebuilders trained • 2 184 youths trained • 2 042 women trained and developed in construction and related fields • 441 artisans trained and developed in construction and related fields • 219 people with a disability were trained • 732 learners registered in the learnership programme • 262 military veterans trained and developed in construction and related fields • 602 technical professional trained and developed in home construction and related fields • 9 houses built using innovative building technology
NURCHA	• NURCHA is an innovative development finance company providing bridging and development finance to Contractors and Developers involved in the development of Subsidy and Affordable Housing	NURCHA did not receive financial assistance from NDHS in the period under review	NURCHA did not receive financial assistance from NDHS in the period under review	• Signed 6 loan contracts providing for the construction of 862 houses and sites in the affordable housing market. • Provided loans valued at R138.3 million to contractors in the affordable housing market • Facilitated the delivery of 706 houses and sites in the affordable housing market • Signed 16 loan contracts providing for the construction of 9 322 houses in the subsidy housing market • Provided loans valued at R56.2 million to contractors in the subsidy housing market • Facilitated the delivery of 1 505 houses in the subsidy housing market • Signed 1 loan contract with a value of R9 million for the construction of social infrastructure • 3 financed social infrastructure projects were completed

Name of Public Entity	Services Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity	Achievements of the Public Entity
RRHLF	- To provide access to housing credit to low income rural households, in order to enable them to improve their housing and living conditions - Providing loans through retail intermediaries to its target market to be utilised for incremental housing purposes - Use loans for fixed improvements - new houses, extensions, utilities connections, fencing, and water harvesting and land purchases - To supports the implementation of the Comprehensive Rural Development Programme	RHLF did not receive financial assistance from NDHS in the period under review	RHLF did not receive financial assistance from NDHS in the period under review	32 140 incremental rural loans disbursed 99.6% of loans utilised for housing purposes 61% of loans provided to households earning R3 500 or less 59% of loans provided to women 7.09% of loans provided to households earning R15 000 or less
SHRA	- To regulate the social housing sector - To support the restructuring of urban spaces through social housing investments - To promote the development and awareness of social housing - To ensure accreditation and compliance of social housing institutions - To ensure sustainable and regulated disbursements of the Restructuring Capital Grants (RCG) to accredited social housing institutions (capital and investment grants)	R825.75 million Operational Grant: R51.98 million Regulations Grant: R10 million Consolidated Capital Grant (CCG): R743.64 million Institutional Investment Grant: R20.13 million	R819.92 million	2 284 social housing units completed (reached practical completion) 2 476 social housing units tenanted 36 305 social housing units under regulation 7 644 social housing units approved for capital grant funding 1 795 social housing units accredited are located in the inner city. 100% of accreditation applications received and processed within an average of 59 days. 62.1% of conditionally accredited SHIs that are classified as B-BBEE owned/ controlled companies as defined in the B-BBEE Act. 72.7% of fully accredited SHIs that are classified as B-BBEE owned/ controlled companies as defined in the B-BBEE Act

5.2 Transfer Payments to all organisations other than Public Entities

The table below reflects the transfer payments made for the period 1 April 2018 to 31 March 2019.

Name of Transferee	Type of Organisation	Purpose for which the Funds were Used	Did the Department comply with s 38 (1) (j) of the PFMA	Amount Transferred R'000	Amount Spent by the Entity R'000	Reasons for Funds not Spent by the Entity
Sub. Fees: UN Membership Fees	International organisation	The budget allocation for membership fees supports the work of the United Nations Human Settlements Programme through an annual contribution to the Habitat Foundation. This is a contribution on behalf of the country	Yes	3 477		
UN: Cities Alliance		The budget allocation for support of the Cities Alliance, as per the agreement between South Africa and the United Nations Office for Project Services		767		
Scholarship Programme	Households	This programme supports young scholars in accessing scarce skills training opportunities for housing occupations at the undergraduate, diploma and B-Tech level	Yes	6 892		Underspending can be attributed to delays by universities to register students due to the fees must fall campaigns

6. CONDITIONAL GRANT

6.1 Conditional Grants and Earmarked Funds Paid

Conditional Grant 1:

Human Settlements Development Grant

Department/ municipality to which the grant was transferred	Nine Provinces
Purpose of the grant	To provide funding for the creation of sustainable and integrated human settlements
Expected outputs of the grant	• Number of housing opportunities created may include the following: ▫ number of residential units delivered in all housing programmes ▫ number of serviced sites delivered in all housing programmes • Number of households in informal settlements provided with access to basic services at upgrading of informal settlements programme level 2 standard • Number of informal settlements upgraded on site and/or relocated • Number of households in backyards provided with access to services/ upgraded services • Number of title deeds issued for projects completed post 31 March 2014 • Hectares of well-located land acquired and zoned to create housing opportunities • Number of work opportunities created through related programmes • Percentage of project value procured as per the targeted groups in the amended Preferential Procurement Regulation 2017, issued by NT • Number of socio-economic amenities delivered in human settlements • Number of catalytic projects planned, approved and implemented for integrated human settlements developments
Actual outputs achieved	As per the table below

Province	Annual Delivery Targets			Delivery Performance as at 31 March 2019			Variance Delivery: Serviced Site	Variance Delivery: Top Structure	Total Variance Delivery	% Performance Serviced Sites	% Performance Top Structure	% Performance Overall
	Serviced Sites	Top Structure	Total Delivery Targets	Serviced Sites	Top Structure	Total Delivery Targets						
Eastern Cape	5 608	8 940	14 548	7 511	9 822	17 333	1 903	882	2 785	134	110	119
Free State	12 834	4 605	17 439	2 915	3 695	6 610	(9 919)	(910)	(10 829)	13	80	38
Gauteng	13 124	28 868	41 992	11 968	9 389	21 357	(1 156)	(19 479)	(20 635)	91	33	51
KwaZulu-Natal	5 540	20 068	25 608	5 572	20 639	26 211	32	571	603	101	103	102
Limpopo	4 629	7 450	12 079	2 533	10 562	13 095	(2 096)	3 112	1 016	55	142	108
Mpumalanga	2 720	7 883	10 603	2 318	8 533	10 851	(402)	650	248	85	108	102
Northern Cape	2 817	1 943	4 760	2 179	541	2 720	(638)	(1 402)	(2 040)	77	28	57
North West	4 453	10 994	15 447	4 164	6 523	10 687	(289)	(4 471)	(4 760)	94	59	69
Western Cape	8 693	9 467	18 160	8 874	7 880	16 754	181	(1 587)	(1 406)	102	83	92
Total	60 418	100 218	160 636	48 034	77 584	125 618	(12 384)	(22 634)	(35 018)	80	77	78

Amount per amended DoRA (R'000)	R18 443 109
Amount transferred (R'000)	R18 266 647
Reasons if amount as per DoRA was not transferred	N/A
Amount spent by the Department/ municipality (R'000)	R18 146 412
Section 15(2)(a) Reasons for withholding or stopping an allocation	N/A
Section 15(2)(b) Extent of compliance with this Act	Compliance checks are performed on a monthly and quarterly basis. Regular visits are performed by the national Department in the provinces
Section 15(2)(c) The extent that the allocation achieved its objective and outputs	On a monthly and quarterly basis, reports are analysed on the spending patterns of provinces and that the outputs are as per the Grant Framework. Quarterly performance reviews are being done and provinces have to account for their performances in the form of presentations on what the grant had been spent on. Provinces are also requested to submit non-financial information. This information is analysed to verify if the grant is achieving the stated objectives and outputs.
Section 15(2)(d) Any non-compliance with this Act, and the steps taken to address the non-compliance	On a monthly and quarterly basis, the national Department performs a compliance check and in the case of non-compliance, compliance letters are sent to the Accounting Officers of provinces and municipalities that do not comply with the requirement of DoRA.

Reasons for the funds not spent by the entity	• Late appointment of service providers • Cash flow management • Late submission of invoices • Community unrest • Slow procurement processes • Non-availability of bulk infrastructure • Property invasions by unlawful occupants • Lack of proper beneficiary management systems/ processes • Unavailability of project management systems • Late of approval of plans • Poor/ slow performance by contractors • Delays in the certifying/ submission of claims • Applicants do not qualify for loans (FLISP)
Monitoring mechanism by the transferring Department	• Analysing financial reports and provide feedback • Conducting quarterly reviews sessions to discuss performance matters • The performance reported to Executive Authority and MinMec for way forward • Provinces were monitored as outlined in DoRA and HSDG Framework • DORA workshops conducted in conjunction with NT and CFO forums to discuss regulatory and compliance matters • One-on-one performance engagement sessions with provinces

Conditional Grant 2:

Title Deeds Restoration Grant

Department/ municipality to which the grant was transferred	Nine provinces
Purpose of the grant	To provide funding for the eradication of the pre-2014 title deeds registration backlog and the professional fees associated with it, including beneficiary verification
Expected outputs of the grant	• Number of title deeds registered in favour of beneficiaries of government subsidised housing (pre 1994 and post 1994) for projects completed by 31 March 2014 • Number of title deeds issued to beneficiaries of government subsidised housing (pre 1994 and post 1994) for projects completed by 31 March 2014 • Number of townships proclaimed and registers opened • Number of beneficiaries confirmed as title deed holders • Enhanced institutional capacity of municipalities and provinces in respect of property registration

Amount per amended DoRA (R'000)	R518 655 000
Amount transferred (R'000)	R518 655 000
Reasons if amount as per DoRA was not transferred	N/A
Amount spent by the Department/ municipality (R'000)	R342 672 000
Section 15(2)(a) Reasons for withholding or stopping an allocation	N/A
Section 15(2)(b) The extent of compliance with this Act	Compliance checks are performed on a monthly and quarterly basis. Regular visits are performed by the national Department to provinces
Section 15(2)(c) The extent that the allocation achieved its objective and outputs	On a monthly and quarterly basis, reports are analysed on the spending patterns of provinces and that the outputs are as per the Grant Framework. Quarterly National Steering Committee reviews are being held whereby provinces have to account for their performances in the form of presentations on what the grant had been spent on. Provinces are also requested to submit non-financial information. This information is analysed to verify if the grant is achieving its objectives and outputs.
Section 15(2)(d) Any non-compliance with this Act, and the steps taken to address non-compliance	On a monthly and quarterly basis, the national Department performs a compliance check and in the case of non-compliance, compliance letters are sent to the Accounting Officers of provinces and municipalities that do not comply with the requirements of DoRA
Reasons for funds not spent by the entity	• Lack of township establishment • Delays in township proclamation • Disputes regarding beneficiary verification • Property occupied by unlawful occupants • Tenants are not eager to purchase the pre 94 stock • Influx of unlawful occupants in rented pre 94 stock accommodation • Most pre 94 properties are in poor physical condition
Monitoring mechanism by the transferring Department	• Analysing financial reports and provide feedback • Conducting quarterly National Steering Committee reviews sessions to discuss performance matters • The performance reported to Executive Authority and MinMec for way forward • Provinces were monitored as outlined in DoRA and TDRG Framework • DORA workshops conducted in conjunction with NT to discuss regulatory and compliance matters • Regular one-on-one performance engagement sessions with provinces

Conditional Grant 3:

Urban Settlements Development Grant

Department/ municipality to which the grant was transferred	Eight Metropolitan Municipalities
Purpose of the grant	The purpose of the grant is to supplement the capital revenues of metropolitan municipalities, in order to support the national Human Settlements Development Programme, which focuses on poor households
Expected outputs of the grant	The outcomes to be realised in order to promote integrated sustainable human settlements and improved quality of household life are: • increased individual household access to basic services and related infrastructure • increased acquisition and availability of well-located land for human settlements development • increased access of poor households to public and socio-economic amenities • supporting densification and transit-oriented development projects connecting existing and new housing developments • ensure the provision of infrastructure for mixed income and mixed use developments to support the leveraging of private and non-state sector grants and funding in support of approved human settlements developments • improving the sustainability of the livelihoods of poor households within each municipality's area of jurisdiction

Department/ municipality to which the grant was transferred	Eight Metropolitan Municipalities	
Actual outputs achieved	Actual outputs achieved	31 March 2019
	Indicator	
	Spatial development and the built environment:	
	Number of hectares of land procured for greenfields development	262
	Number of hectares of land proclaimed (township establishment completed)	17
	Number of informal settlements targeted for upgrading	2
	The number of households living in informal settlements targeted for upgrading	77 236
	The number of informal settlements targeted for upgrading with upgrading plans	71
	The number of informal settlements upgraded (services provided): in situ	120
	Number of sites serviced	8 122
	The number of title deeds transferred to eligible beneficiaries	8 061
	Roads and storm water:	
	KMs of new paved roads to be built	1 417
	KMs of new gravelled roads to be built	684
	KMs of new storm water drainage installed in addition to current ones	1 526
	KMs of roads surfaced/ rehabilitated/ resealed	330
	Transport	
	KMs of new pedestrian walkways to be constructed	63.522
	Number of new bus/ taxi stops to be constructed	5
	Access to Services: Water	
	The number of water service points installed for informal settlement dwellers within a 200 m radius	3 781
	The number of additional households provided with water connections	25 576
	Access to Services: Sewerage	
	The number of sanitation service points (toilets) installed for informal settlement dwellers	7 129

Department/ municipality to which the grant was transferred	Eight Metropolitan Municipalities	
	The number of additional households provided with sewer connections	10 022
	Access to Services: Solid waste management	
	The number of additional households provided with access to weekly refuse removal	893 199
	The number of waste minimisation projects initiated/ upgraded	268
	The number of households living in informal areas with solid waste removal services	279 814
	Access to Services: Electricity	
	The number of additional households living in formal areas provided with electricity connections	7 357
	The number of additional high mast lights installed	53
	The number of additional street-lights installed	2 556
	Number of households provided with free basic electricity	11 902
	Socio Economic Amenities	
	Number of community halls to be developed/ upgraded	1
	Number of sports fields and stadia to be developed/ upgraded	10
	Number of parks/ leisure facilities to be developed/ upgraded	5
	Number of clinics to be developed/ upgraded	9
	Number of pre-schools/ early childhood development centers to be developed/ upgraded developed	3
	Number of community swimming pools to be developed/ upgraded	3
	Number of libraries to be developed/ upgraded	1
	Number of cemeteries to be developed/ upgraded	3
	Number of fire safety and emergency facilities to be developed/ upgraded	2
	Local development and job creation:	
	Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	63 478
Amount per amended DoRA (R'000)	R11 306 137	
Amount transferred (R'000)	R11 306 137	
Section 15(2)(a) Reasons for withholding or stopping of all transfers in terms of Section 18 and 19	A total of R400 million was stopped from being transferred to Mangaung (R49.8 million), City of Ekurhuleni (R136 million), City of Tshwane (106 million) and EThekweni (R107.8 million), due to under-spending of the grant, as at 31 December 2018. The funds were reallocated to Buffalo City (R200 million) and Nelson Mandela Bay (200 million)	
Section 15(2)(b) the extent of compliance with this Act	Compliance checks are performed on a monthly and quarterly basis. Regular visits are performed by the national Department in the provinces	

Department/ municipality to which the grant was transferred	Eight Metropolitan Municipalities
Section 15(2)(c) The extent that the allocation achieved its objective and outputs	On a monthly and quarterly basis, reports are analysed on the spending patterns of metros and that the outputs are as per the Grant Framework. Quarterly performance reviews are being held whereby Metros have to account for their performances in the form of presentations on what the grant had been spent on. Provinces are also requested to submit non-financial information. This information is analysed to verify that the grant is achieving its objectives and required output.
Section 15(2)(d) Any non-compliance with this Act, and the steps taken to address the non-compliance	On a monthly and quarterly basis, the national Department performs a compliance check and in the case of non-compliance, compliance letters are sent to the Accounting Officers of municipalities that do not comply with the requirement of DoRA
Amount spent by the Department/ municipality(R'000)	R4 951 602
Reasons for funds not spent by the entity	• Delays in procurement process • Violent social protests and socio-political issues • Slow and/or non-performance by contractors resulting in project delays and/or stoppages • Late processing of invoices resulting in late payments • Lack of relevant skills to oversee projects • Gang violence resulting in halting of projects • Labour disputes in respect of wages
Monitoring mechanism by the transferring Department	• Conduct quarterly reviews with municipalities • Undertake oversight visits in order to assess and, where possible, address challenges with municipalities • One-on-one engagement with metropolitan municipalities

Conditional Grant 4:

Provincial Emergency Housing Grant

Department/ municipality to which the grant was transferred	Provincial Emergency Housing Grant
Purpose of the grant	To provide funding to provinces for provision of temporary shelter assistance to households affected by disasters
Expected outputs of the grant	Emergency and short-term assistance to households affected and/or impacted by disasters, through: The provision of temporary shelter Temporary relocation of households to safer accommodation and/or shelter
Actual outputs achieved	As per the table below

Provinces	Number of approved Temporary Shelters	Actual	Variance
Western Cape	1 300	-	1 300
Mpumalanga	1 877	1 050	827
Total	3 177	1 050	2 127

Amount per amended DoRA (R'000)	R260 000 000
Amount transferred (R'000)	R204 729 000
Reasons if amount as per DoRA was not transferred	The grant is a schedule 7A and therefore unallocated. The transfers are request-based and in the 2018/19 financial year, only Mpumalanga Province and Western Cape Province requested assistance with funding for disasters and/or housing emergencies encountered in the respective provinces.
Amount spent by the Department/ municipality (R'000)	R67 546 000
Section 15(2)(a) Reasons for withholding or stopping an allocation	N/A
Section 15(2)(b) The extent of compliance with this Act	Compliance checks are performed on a monthly and quarterly basis. Regular visits are performed by the national Department to provinces
Section 15(2)(c) The extent that the allocation achieved its objective and outputs	Reports are analysed on a monthly and quarterly basis on the spending patterns of provinces and that the outputs are as per the Grant Framework. Provincial visits are undertaken by the Department as part of its responsibilities as the Transferring Officer. This information is analysed to verify if the grant is achieving its objectives and outputs.
Section 15(2)(d) Any non-compliance with this Act, and the steps taken to address the non-compliance	On a monthly and quarterly basis, the national Department perform compliance checks and in the case of non-compliance, compliance letters are sent to Accounting Officers of provinces and municipalities that do not comply with the requirements of DoRA
Reasons for the funds being unspent by the entity	• Late transfer of funds • Incomplete and incorrect submission of funds requests by provinces • Misinterpretation of the grant framework by provinces • Resistance by community members for erection of temporary shelters and temporary relocation • Disputes regarding beneficiary verification • Delays with procurement processes • Newly erected temporary shelters occupied by unlawful and undeserving occupants
Monitoring mechanism used by the transferring Department	• Analysing financial reports and providing feedback • Conducting regular review sessions to discuss performance matters • The performance reported to Executive Authority and MinMec for way forward • Provinces were monitored as outlined in DoRA and PEHG Framework • DORA workshops and awareness sessions conducted in conjunction with NT to discuss regulatory and compliance matters • Regular one-on-one performance engagement sessions with provinces

Conditional Grant 5:**Municipal Emergency Housing Grant**

Department/ municipality to which the grant was transferred	Municipal Emergency Housing Grant
Purpose of the grant	To provide funding to municipalities for provision of temporary shelter assistance to households affected by disasters
Expected outputs of the grant	- Emergency and short-term assistance to households affected and/or impacted by disasters, through: - provision of temporary shelter - temporary relocation of households to safer accommodation and/or shelter
Actual outputs achieved	As per the table below

Municipalities	Number of approved temporary shelters	Actual	Variance
Bitou Local Municipality (WC)	69	69	-
Buffalo City Local Municipality (EC)	165	-	165
Nelson Mandela Bay Municipality (EC)	130	-	130
Jozini Local Municipality (KZN)	168	-	168
O.R Tambo Local Municipality (EC)	82	-	82
Joe Morolong Local Municipality (NC)	24	-	24
Total	638	69	569

Amount per amended DoRA (R'000)	R140 000 000
Amount transferred (R'000)	R37 784 000
Reasons if amount as per DoRA was not transferred	The grant is a schedule 7B and therefore unallocated. The transfers are request based and for the 2018/19 financial year, funds were transferred to Buffalo City Metro, Nelson Mandela Metro, Bitou Local Municipality, Jozini Local Municipality OR Tambo Local Municipality and Joe Morolong Municipality to cater for disasters that affected their respective jurisdictions.
Amount spent by the Department/ municipality (R'000)	R3 960 000
Section 15(2)(a) Reasons for withholding or stopping an allocation	N/A
Section 15(2)(b) The extent of compliance with this Act	Compliance checks are performed on a monthly and quarterly basis. Regular visits are performed by the national Department to municipalities
Section 15(2)(c) The extent that the allocation achieved its objective and outputs	Reports are analysed on a monthly and quarterly basis on the spending patterns of municipalities and that the outputs are as per the Grant Framework. Provincial visits are undertaken by the Department as part of its responsibilities as the Transferring Officer. This information is analysed to verify if the grant is achieving its objectives and outputs.
Section 15(2)(d) Any non-compliance with this Act, and the steps taken to address the non-compliance	On a monthly and quarterly basis, the national Department perform compliance checks and in the case of non-compliance, compliance letters are sent to Accounting Officers of municipalities that do not comply with the requirements of DoRA.
Reasons for the funds not being spent by the entity	• Late transfer of funds • Incomplete and incorrect submission of funds requests by municipalities • Misinterpretation of the grant framework by municipalities • Resistance by community members for erection of temporary shelters and temporary relocation • Disputes regarding beneficiary verification • Delays with procurement processes • Newly erected temporary shelters occupied by unlawful and undeserving occupants
Monitoring mechanism by the transferring Department	• Analysing financial reports and provide feedback • Conducting regular review sessions to discuss performance matters • The performance reported to Executive Authority and MinMec for way forward • Municipalities were monitored as outlined in DoRA and MEHG Framework • DORA workshops and awareness sessions conducted in conjunction with NT to discuss regulatory and compliance matters • Regular one-on-one performance engagement sessions with municipalities

7. DONOR FUNDING

7.1 Donor Funds Received During the Period Under Review

Name of donor	Danish International Development Agency (DANIDA)
Full amount of the funding	R1 239 689.00
Period of the commitment	2010 – 2016/17
Purpose of the funding	For professional project management fees for the installation of energy efficiency measures on the N2 Gateway Project in Cape Town
Expected outputs	Advice on the urban and architectural roof design for the implementation of energy efficiency measures, the installation of solar water heaters, the documentation of Lessons Learnt and dissemination of Lessons Learnt to provincial and municipal governments
Actual outputs achieved	1044 housing units fitted with solar water heaters, Lessons Learnt documented, Lessons Learnt document published and disseminated by way of a pilot in the entire Western Cape
Amount received in current period (R'000)	R264 000
Amount spent by the Department (R'000)	R264 000
Reasons for funds not spent	The unspent funds of R264 000 were returned to the RDP fund
Monitoring mechanism by the donor	Site Visits by Danida Staff and international visits by members of the Danish government, progress meetings by Danida with the NDHS, and written quarterly reports and NDHS Annual Reports

8. CAPITAL INVESTMENT

8.1 Capital Investment, Maintenance and Asset Management Plan

The Department is not directly involved in infrastructure projects, but implemented the following as part of its capital investment, maintenance and asset management plan:

- In its organisational structure, the Department has a sub-directorate known as the Asset Management unit.
- Each sub-programme has an approved asset acquisition plan.
- A Loss Control Committee that manages losses and a claims policy that deals with lost assets.
- There is a Disposal Board in place, as per the Asset Management policy. It deals with obsolete and redundant assets.
- A physical asset verification is done annually.
- The Department has a fixed asset register that is updated regularly with new additions, write-offs, movements and disposals.

PART C: GOVERNANCE



1. INTRODUCTION

The Department is committed to principles of good governance in the management of the organisation and implementation of human settlements programmes.

This is aimed at ensuring accountability, transparency, compliance with applicable legislation and policy prescripts. As a result, governance structures have been established and systems put in place to provide assurance that there is effective, efficient and economical utilisation of state resources, and to ensure that the risks impacting to the organisation are identified, considered and monitored.

This ensures that the risk profile of the Department is acceptable and is within the Department's risk appetite level. Therefore, it is crucial for the Department to continuously, reassess and strengthen the adequacy and effectiveness of these structures and systems.

2. RISK MANAGEMENT

The Department has an approved risk management policy and strategy that directs risk management. The risk assessment is conducted on annual basis during the update of both strategic and operational risk registers and identification of emerging risks. The Risk Management

Committee is chaired by an external Chairperson. It is composed of Executive Management and a standing invitee from the Audit Committee. It meets on quarterly basis to review the effectiveness of the Risk Management system. A high-level report is presented to the Audit Committee by the Chairperson of Risk Management Committee on quarterly basis for Audit Committee to pay oversight role. The Department reviews mitigation of unacceptable risks during performance review and reporting.

3. FRAUD AND CORRUPTION

The NDHS established a Special Investigations Directorate. The Directorate derives its mandate from Paragraph 6.4 of the Comprehensive Plan for the Creation of Integrated Sustainable Human Settlements. The Plan, also known as BNG, makes provision for the Department to establish an investigation function to deal with fraud and corruption and commission forensic investigations where necessary.

The purpose of the Directorate is to review and facilitate the implementation of the Anti-Fraud and Corruption Strategy. This is achieved through:

- Management of the analysis, monitoring processes and trends in human settlements corruption.
- Management, coordination and conducting human settlements investigations.

The Department has an Anti-Fraud and Corruption Strategy (and Implementation Plan) that is founded on the principle of "zero tolerance" of fraud and corruption in all its manifestations. The Department is committed to the establishment of a culture of fair and just administration, transparency and accountability, which is aimed at achieving the highest ethical behaviour amongst its employees.

The Department also has a whistle-blowing policy and over-arching strategy that enable officials and third parties to report fraud and corruption anonymously. Employees are, through these mechanisms, encouraged to report illegal practices to: the Directorate; their managers; the Presidency; national Anti-Corruption Hotline; other external government entities.

During the year under review, the Department implemented an extensive

anti-fraud and corruption implementation plan that includes the four pillars of the Department's Anti-Fraud and Corruption Strategy, i.e. Prevention, Detection and Investigation.

Prevention

Integrity Management – Implementation of declaration of financial interest
Implemented the declaration of financial interest by the members of the senior management team and other categories of employees, including Supply Chain Management, Finance and employees who are on

Anti-fraud and corruption awareness

- Four anti-fraud and corruption campaigns were run during the HR Outreach programme.
- Signing of the Pledge by employees during the campaign was conducted during 2nd quarter of the 2018/19 financial year.
- Four (04) Awareness Posters were developed and distributed to NDHS Staff members.
- Promotion of the whistle-blowing policy was done throughout the 2018/19 financial year period through anti-fraud and corruption campaigns and posters.

- Three (3) anti-fraud and corruption campaigns were conducted at provincial HSDs during the second to fourth quarters of the year.
- Four RFQ scam alerts through pamphlets and flyers were distributed to suppliers one through email communications and three briefing sessions.
- Identification and assessment of fraud risk registers for 2018/19 was developed and approved by the DG (Fraud Risk Register and Wide Strategic Register for 2018/19).
- Fraud risk and wide strategic risk monitoring tools were updated for 1st quarter to fourth quarter of 2018/19 financial year.

Detection

Corruption Database

- 18 cases of fraud and corruption were reported to the Department through various channels including, Presidential Hotline, Walk-ins and Call Centre.
- A fraud detection review was conducted on the Department's S&T Policy, in order to detect any irregularities, including fraud and corruption.

- Fraud Detection review was also performed on Overtime Payments and BAS payment during the third and fourth quarter.

Investigations

- 18 complaints/ allegations were received for the year under review.
- 15 complaints/ allegations were handled/ investigated.
- One payment fraudulent payment was referred to HAWKS (Commercial Crime Priority Directorate) for criminal investigations and possible prosecution.
- 2 fraudulent scam cases were referred to the SAPS for criminal investigation.
- 2 cases were transferred to the DRDLR, since it falls under its jurisdiction (Deeds Office matter).
- Trends identified included allegations of: fraudulent payments, RFQ scam, Corruption, Misallocation of RDP Houses, illegal occupation of RDP houses, fraudulent sales of house, fraudulent allocation of Scholarship and fraudulent awarding of RDP house.

- 3 old criminal cases that were closed by the SAPS were followed up through a Joint Task Team that was established by the DG and SAPS National Commissioner

Narrative: Achieved and not achieved targets

Significant Achievements

- Implemented anti-fraud and corruption awareness programme through HR outreach sessions and the provincial DHSs.
- Maintain systems/ e-Disclosure for declaration of interest by all employees, particularly senior managers.
- Identify emerging risks and updated the Department's fraud risks, in order to strengthen preventative and detective controls.
- Introduction of Fraud Detection review on high risk areas like Finance and Supply Chain Management directorates.

4. MINIMISING CONFLICT OF INTEREST IN SUPPLY CHAIN MANAGEMENT

All members of the Bid Committees have to declare their interest in respect matters the committees deal with. A declaration of interest form must be completed and signed on each meeting.

All Supply Chain Management practitioners have in line with the requirements of NT Practice Note 4 of 2003, signed a declaration of confidentiality and impartiality.

The Department has a Procurement Policy in place, which stipulates, inter alia, that:

- No official in the Department will execute any action in terms of delegated authority if he/she has been part of a committee that recommended the action
- Should an official be in a position where he/she had formed part of a bid committee where a recommendation is made to the delegate and he/she is the delegate, the decision-making power must be elevated to the next higher level

- There has not been any instance where a conflict of interest was identified during the year under review.

SCOPA Resolutions

There were no SCOPA resolutions taken in relation to the Department during the period under review.

Prior Modifications to Audit Reports

An action plan was developed in relation to all findings by the Office of the Auditor General. The action plan was submitted to the Office of the Auditor General for concurrence. The Internal Control Unit monitored the implementation planned action, requested and received monthly updates from responsible managers, updated the Action Plan and submitted it to Internal Audit.

The Internal Auditors verified the progress on implementation of the planned action, as reported on the Action Plan and reported their findings to the Executive Management and Audit Committee.

Matter of Non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter*
Sufficient appropriate audit evidence could not be obtained for the reported actual performance against the target for the title deeds backlog being eradicated.	2016/17	
Programme 2 – Human Settlements Policy, Strategy and Planning	2017/18	
The Department did not have an adequate record keeping system to enable reliable reporting on achievement of the indicators listed below. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances, while in other cases the supporting evidence provided did not agree to the reported achievements. Based on the supporting evidence that was provided, the achievement of these indicators was different to the reported achievement in the annual performance report. I was also unable to further confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievements of the indicators listed below.		During the year under review, provinces were requested to: Report periodically on their delivery Provide the national Department with 'Happy' letters as part of the evidence.
Programme 3 – Human Settlements Delivery Support	2017/18	
The reported achievement of 480 for target 1700 non-statutory military veterans housed is not reliable as the Department did not have an adequate performance management system to maintain records to enable reliable reporting on achievement of targets. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances while in other cases the supporting evidence provided did not agree to the reported achievement. Based on the supporting evidence that was provided, the achievement was 372, but I was unable to further confirm the remainder of the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.		
I was unable to obtain sufficient appropriate audit evidence for the reported achievements of 5 of the 19 indicators relating to this programme. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:		

Internal Control Unit

The Internal Control Unit is positioned within the Chief Financial Officer's Branch. During the financial year under review the unit:

- Co-ordinated the development of the Action Plan in respect of the 2017/18 Auditor General Audit Report and management letter.
- Co-ordinated the development of the Action Plan in respect of all the Internal Audit reports.
- Monitored progress on the implementation of the planned action to address the prior year's audit findings.
- Continued to serve as a custodian of all payments supporting documentation.
- Continued to fulfill its secretariat role to the Loss Control Committee.
- Continued its responsibility of managing the following registers:
 - Losses incurred by the Department
 - Irregular expenditure
 - Fruitless and wasteful expenditure
- Conducted compliance reviews in respect of expenditure incurred during the financial year.

5. CODE OF CONDUCT

With specific reference to C.4 on Performance of Duties:

- Staff and especially SMS members should be exemplary in being Ambassadors for instilling and upholding the ethos of *"An Employee must promote sound, efficient, effective, transparent & accountable administration"*
- There were several incidents of breaching this Code of Conduct, as reported to Labour Relations, with several unintended undesirable consequences. These are being addressed as per applicable mitigation processes, on merit.
- One case was referred to the Public Service Commission for a recommendation

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Occupational Health and Safety (OHS) Act, No. 85 of 1993, charges the Department with the obligation to:

- Ensure reasonable and practical provision and maintenance of a safe and risk-free working environment for its employees.
- Appointment of Section 16.2 to oversee compliance with OHSA provisions.

In compliance with the provisions of the Act, the Department was consistent in implementing prescribed OHS measures, so as to ensure a conducive, habitable working environment, through conducting monthly inspections at all its sites to mitigate on identified OHS risks and challenges.

All previously identified OHS compliance risks and challenges, were corrected and eliminated, including the appointment of a Section 16.2 compliance official.

7. PARLIAMENTARY COMMITTEES

PARLIAMENTARY AND CABINET LIAISON'S ANNUAL REPORT 2018/2019

A. MEETINGS OF PARLIAMENTARY COMMITTEES: INTERFACE OF DEPARTMENT OF HUMAN SETTLEMENTS WITH PARLIAMENTARY COMMITTEES DURING THE PERIOD 1 APRIL 2018 – 31 MARCH 2019

Date	Subject	Committee Issues	Response by Department/ Key Decisions
1 April 2018	- Department's response to human settlements issues raised during the State of the Nation Address (SONA) - Department's Strategic Plan, APP and Budget	- IT systems that have to be improved, in order to enhance internal security controls - Measurable indicators and targets that are well-defined, verifiable, specific, measurable and time-bound - Optimal use of available resources - Requirement for all spheres of government, including entities to reflect on the National Development Plan	- Ensure indicators for provincial and national departments are customised - Framing of targets in a clear and concise manner - Regular interaction between the Department and Office of the Auditor-General, in order to enhance understanding of auditing processes - Coordinated planning among all spheres of government - Resource optimisation in management to improve inter-governmental planning
2 April 2018	National Housing Finance Corporation, NURHA, RHLF and Social Housing Regulatory Authority briefed the Portfolio Committee on Human Settlements on the Strategic Plans, APPs and Budgets	- Rising student demand for rental accommodation in urban centres - Support for emerging contractors - Cost of using middlemen and intermediaries by the RHLF - Social housing development and marketing	- NHFC to upscale marketing programmes to enhance and expand rental housing programmes, in order to accommodate demand from both students and working people - NURCHA to expand Contractor Development Programme and upscale Transformation and Empowerment Programme - RHLF to enhance outreach programmes as well as explore alternative and/or additional delivery channels to service the market in an effort to lessen reliance on use of intermediaries - SHRA to enhance marketing of social housing development and grow the entity's footprint in all provinces. Also need to strengthen the regulatory aspect of social housing institutions and enhance its contribution to the transformation agenda
19 April 2018	National Home Builders Registration Council, Community Schemes Ombud Services, EAAB and Housing Development Agency briefed the Portfolio Committee on Human Settlements on their respective Strategic Plans, APPs and Budget Vote	- Suitable urban land for human settlements development - Poor performance of the One Learner – One Estate Agent Programme - Inspection of human settlements projects and placement of those who had undergone training under the auspices of the NHBRC	- Housing Development Agency to furnish a report on amount of land assembled and acquired to date for human settlements development - EAAB to fast-track implementation of the One Learner, One Estate Agent Programme, in order to assist in the transformation of the property sector - CSOS to prioritise submission of Memorandum of Understanding in regard to collaboration with the South African Revenue Services to NT - NHBRC to ensure placement of those who had undergone training provided by the entity

Date	Subject	Committee Issues	Response by Department/ Key Decisions
29 May 2018	Appearance of DHS before Select Committee on Social Services to present the Department's 2018/2019 Budget Vote	- Budget reduction for the 2018/19 financial year - Poor performance by some of the provinces – Limpopo, North West - Poor performance by some metropolitan municipalities, i.e. City of Cape Town, City of Johannesburg - Under-spending on the USDG - Proliferation of informal settlements - Plight of backyard dwellers - Plight of child-headed households - Illegal occupation of land - Housing provision to military veterans	- Measures to deal with both provincial over-spending and under-spending - Department to respond in writing to issues of concern raised by the Committee
5 June 2018	- DHS briefed the Portfolio Committee on its Fourth Quarter Report (January – March 2018) - Gauteng DHS and City of Johannesburg Metropolitan Municipality on performance during 2017/18 and utilisation of the USDG	- Poor performance particularly on the USDG - Contractors that fail to complete projects, including blocked projects	- To review the current payment model, because of contractors failing to complete projects - To formulate a credible plan to improve performance within the sector - NHBRC to furnish report on damage due to natural disaster (tornado) that affected areas such as Protea Glen in Gauteng - Meeting to be convened between the Member of Executive Committee responsible for human settlements in Gauteng Province and Executive Mayor of the City of Johannesburg Metropolitan Municipality to discuss measures to improve performance
6 June 2018	DHS briefed the Select Committee on appropriations on expenditure of the HSDG for the 4th Quarter, 2017/18	- Support for small and emerging contractors - Setting of unrealistic projections on spending - Critical importance of conducting assessments of provincial business plans, project by project - Resolution of procurement issues	- Need for package of support for small and emerging contractors - Setting of realistic projections, in order to detect or anticipate under-spending - To sort out procurement issues well in advance - Decision on shifting of funds with respect to projects that were not ready in terms of the project readiness matrix
26 June 2018	DHS briefed the Portfolio Committee on Human Settlements on the Property Practitioners Bill [b21 – 2018]	- A chapter on transformation of the sector/ industry - Consideration of the establishment of a property sector academy to be funded from the envisaged transformation fund	- Department to submit/ share all submissions and comments received on the Draft Bill to the Committee - Portfolio Committee on Human Settlements to hold public hearings and to conduct provincial stakeholder engagement sessions on the Draft Bill

Date	Subject	Committee Issues	Response by Department/ Key Decisions
28 August 2018	- Department briefed the Portfolio Committee on Human Settlements on First Quarter Performance Report (April – June 2018) - Briefing on Progress Report on North West Provincial DHS	- Under-performance by Free State Provincial DHS - Blocked projects in the North West Province	- Department to attend to the issue of under-performance by Free State Provincial DHS - List of blocked projects in the North West Province to be provided, as well as a list of officials who attended a Needs Registrar Training session
11–18 August 2018	Portfolio Committee on Human Settlements undertook a study tour to Singapore	- Meeting with state bodies, government institutions and people seized with delivery of housing and human settlements in Singapore with particular focus on: - Housing & Human Settlements Policy Planning & Coordination; - Learn best practice with regard to Sustainable Human Settlements; - Identification of possible policy approaches that could be adopted to ensure development of sustainable human settlements in South Africa	DHS and its sister departments (such as Public Works, Rural Development and Land Reform) and South Africa's metropolitan municipalities, could learn from the Singapore experience, particularly with regard to dealing with the challenges of: urban land scarcity, land optimisation, planning for efficient and strategic development of land amid various competing demands, guiding principles on high density developments, urbanisation, urban growth, etc.
4 September 2018	Stakeholder Engagement on Property Practitioners Bill	Solicit views of stakeholders on the Property Practitioners Bill	Department to provide support to the Committee during its Provincial Stakeholder Engagement session to be conducted on 11 August – 18 August 2018
17–18 September 2018	Portfolio Committee on Human Settlements conducted stakeholder engagement sessions on the Property Practitioners Bill [B 21 – 2018]	Consideration of all views across the industry spectrum	All input received is to be considered
9 October 2018	Briefing of Portfolio Committee on Human Settlements by DHS on its Annual Report 2017/18	- Need to begin think of the box in addressing challenges encountered in the delivery of houses and human settlements - Entities continue to pose a challenge	- Department of Military Veterans to provide name list or provision of houses for military veterans - Appointment of boards of entities should be guided by an act of Parliament

Date	Subject	Committee Issues	Response by Department/ Key Decisions
10 October 2018	Briefing of Portfolio Committee on Human Settlements by Human Settlements entities on their respective Annual Reports 2017/18	- Consolidation of the three development finance entities, namely NHFC, NURCHA and RHLF - Fiscal dumping and poor performance. - NHBRC's Youth Brigade Programme - Matter between NHBRC and City of Johannesburg - Catalytic projects and informal settlements upgrading - Student accommodation - Investigation at the CSOS, including an amount of R80 million at VBS Bank	- Presentation of operational integration once the three development finance entities have been merged into a single entity - RHLF and NHFC to present the housing voucher scheme - SHRA to present a proposal on student accommodation and CRUs - SHRA to provide transformation report on figures with respect to bodies with which the entity was conducting business - NHBRC to furnish progress in regard to the Youth Brigade Programme, progress report on performance in the light of a new board in place, and an update on the resolution of matter between the entity and City of Johannesburg - DHS and Housing Development Agency to continue to engage poorly performing provinces, namely Gauteng, Limpopo and North West, in order to curb fiscal dumping - Housing Development Agency to furnish a report on catalytic projects and a report on informal settlements earmarked for upgrading - DHS to turn things around at the CSOS within three months - Department to update the Committee on investigation being conducted at the CSOS
23 October 2018	Briefing of Portfolio Committee on Human Settlements by Limpopo Provincial DHS on its Second Quarter Report (July – September 2018/19)	- Continued poor performance in Limpopo Province - Issue of transfer of R33 million that had been transferred to a third party as an up-front payment	- Implementation of a recovery plan by the Limpopo Provincial Department - Progress report on investigation in regard to the transfer of an amount of R33 million to a third party
30 October 2018	Briefing of Portfolio Committee on Human Settlements by DHS, Gauteng Provincial Department of Human Settlements and Housing Development Agency on: - Delivery and performance challenges - Friendship Towns petition	- Lack of consequence management - Project pipeline planning - Properly qualified appointees - Contractor management - Issue of migration - Designated groups - Overall provincial performance	- Construction of houses to be undertaken with the necessary bulk infrastructure - To ensure that appointed to handle departmental finances are suitably qualified - Implement consequence management and punitive measures for non-performance and financial transgression - Strive to achieve the 30% set aside for designated groups - National Department to monitor provincial departments' performance closely, in order to ensure improvement
6 November 2018	Consideration of Property Practitioners Bill, 2018 by Portfolio Committee of Human Settlements	Consideration of inputs and submissions on Property Practitioners Bill	Following consideration of the input and submissions during stakeholder engagement sessions, including proposed amendments, a decision was taken to deal with the Bill clause by clause

Date	Subject	Committee Issues	Response by Department/ Key Decisions
7 November 2018	Consideration of Property Practitioners Bill, 2018	- A stand-alone chapter on transformation - Envisaged regulations related to the Bill	- A separate chapter on transformation to be inserted. - Envisaged regulations to be dealt with after the Bill process has been completed - A revised draft bill, B-version, is to be available on Friday, 9 November 2018
13 November 2018 13 November 2018	Consideration of Property Practitioners Bill, 2018 Briefing of Select Committee on Social Services by DHS on its Annual Report 2017/18	- Deliberation on the Bill and agreement on proposed amendments - Concern with regard to Programme 3 performance - Incomplete projects in the Free State - Title deeds backlog - Performance of Finance-Linked Individual Subsidy Programme	- Undertaking by Department to play its role in ensuring that all issues raised are subjected to further interrogation before finalising the Bill - Department to implement measures to improve performance in Programme 3 - Feedback on what was to be done to complete construction of flats in the Free State - Progress report in respect of the Title Deeds Restoration Programme - Provision of provincial breakdown with regard to the delivery on FLISP and on rent-to-own projects
14 November 2018	Consideration of Property Practitioners Bill, 2018 by Portfolio Committee on Human Settlements	Clause-by-clause consideration of the Bill	The A-List of the Bill was agreed to and the B-version of the Bill to be availed at the next meeting, at which further clause-by-clause consideration of the Bill was to take place
20 November 2018	Consideration of Property Practitioners Bill, 2018	B-version of the Property Practitioners Bill accepted with amendments	Adoption of the report on the Bill
27 November 2018	Briefing of Portfolio Committee on Human Settlements by Department of Human Settlements on its Second Quarter Performance Report (July – September 2018/19)	Failure to place students who had completed the Human Settlements study programme sponsored by DHS at Nelson Mandela Bay University	The Department undertook to absorb the nine graduate students reported be sitting idly at home following their completion of the Human Settlements course at the Nelson Mandela Bay University

Date	Subject	Committee Issues	Response by Department/ Key Decisions
4 December 2018	Presentation to Portfolio Committee on Human Settlement of Recommendations by High Level Panel Report on Assessment of Key Legislation & Acceleration of Fundamental Change by DHS	- High level panel recommendations, including key issues highlighted in the HLP report: - Housing demand outstripping supply - Failure to issue title deeds - Housing Code too rigid in terms of prescripts and guidelines - Red tape and turnaround times in the planning approval process - Effect of global warming - The legacy of spatial inequality appears intractable despite the National Development Plan and Spatial Planning & Land Use Management Act (Continuing spatial inequality) - Expropriation of urban land, including a review of the framework for dealing with land-owned entities	Recommendation by the Committee was that during the term of the 6th Parliament, there needs to be a conversation on a number of issues such as the continued provision of free housing, whether this was sustainable, explore alternatives to provision of free housing, role of the Department of Social Development, lessons from site-and-service provision, as piloted by the Gauteng Province
29 January 2019	Select Committee on Social Services briefed by DHS on Property Practitioners Bill, 2018	Property Practitioners Bill referred to the Committee on 4 December 2018	As a section 76 Bill, Select Committee on Social Services set to hold provincial briefing sessions on Negotiating Mandates on the Bill with the Depart in support
12 February 2019	Portfolio Committee on Human Settlements briefed by DHS on challenges faced by Housing Development Agency	Challenges faced by the entity, Housing Development Agency, including measures to deal with them	Department to appear before the Committee together with Housing Development Agency, in order to present an update on progress made in resolving the challenges faced by the Housing Development Agency
19 February 2019	Portfolio Committee on Human Settlements briefed by the following: - DHS on its Third Quarter Report (Performance & Expenditure) - Gauteng DHS and Gauteng Partnership Fund	- Poor performance by some of the metropolitan municipalities and provinces - Beneficiary database administration - Emergency Grant - USDG - Finance-Linked Individual Subsidy - Expenditure on Designated Groups	- Committee resolved to invite Ethekeini Metropolitan Municipality together with the Provincial DHS to appear in Parliament to explain the reasons for the poor performance by the metro, the challenges and turnaround strategy - Improve communication on FLISP - Establish clear guidelines and a uniform approach with to the Emergency Grant - More attention be given to vulnerable groups - In terms of Division of Revenue, 30% of the provincial budget to set aside for Designated Groups - Resolution and conclusion of SERVCON issue - Beneficiary administration to be verified and approved by NDHS through the HSSS - Improve synchronisation of USDG with the HSDG

Date	Subject	Committee Issues	Response by Department/ Key Decisions
26 February 2019	Portfolio Committee on Human Settlements briefed by the following: - Community Schemes Ombud Services on progress with I strategy to address corporate governance issues and the Auditor-General's Findings - EAAB on its Annual Report & Financial Statements 2017/18 Portfolio Committee on Public Works briefed by among others, DHS and Housing Development Agency on land release to address human settlements development in urban and peri-urban areas	- Governance issues at CSOS - Lack of stability at both CSOS and EAAB - Transformation of the property industry/ sector (EAAB) - One Learner, One Estate Agent Programme - Intractable spatial legacy - Urban land release for human settlements development	- Stabilisation of both entities, including eradication of existing debt - Need to expedite transformation of the property industry - Publicise widely the One Learner, One Estate Agent Programme - In accordance with the High Level Panel Recommendations, and State of the Nation Address (SONA) 2019, there is a need for a policy and legislative framework to ensure that more suitable land is availed for: human settlements development, particularly state-owned land, to address historical spatial legacy; human settlements needs in urban and peri-urban areas
5 March 2019	Portfolio Committee on Human Settlements briefed by the following: - KZN Provincial DHS and Ethekwini Metropolitan Municipality on plans to improve performance, particularly on the USDG - Free State Provincial DHS and Mangaung Metropolitan Municipality on plans to improve performance, including for the USDG	- Plans to improve performance, particularly on USDG - Inter-governmental relations	- NDHS, KZN and Ethekwini Metropolitan Municipality to strengthen its inter-governmental relations - Free State Provincial DHS to present a recovery plan at the next meeting

Date	Subject	Committee Issues	Response by Department/ Key Decisions
12 March 2019	Portfolio Committee on Human Settlements briefed by the following: - North West Provincial DHS on Performance, Expenditure and Recovery Plan - Free State Provincial DHS and Mangaung Metropolitan Municipality on the recovery plan to improve performance	- Performance & Expenditure - Recovery Plan to improve performance	- Both national and provincial Departments are to address the issue of illegally occupied apartments in Marikana, Rustenberg, and attend to those requiring relocation - Both national and provincial Departments are to formulate
19 March 2019	Select Committee on Social Services briefed by DHS on the Negotiating Mandates on Property Practitioners Bill, 2018	Negotiating Mandates on Property Practitioners Bill, 2018	DHS to respond in writing to all issues raised by Wednesday, 20 March 2019
25 March 2019	Select Committee on Social Services together with DHS considered the Negotiating Mandates on Property Practitioners Bill, 2018	Negotiating Mandates on Property Practitioners Bill, 2018 and comments from stakeholders	Select Committee on Social Services agreed to the Bill, which is to be submitted to the President of the Republic for assent

B. Budget Vote Debate: Department of Human Settlements

- B.1 National Assembly – 10 May 2018
 B.2 National Council of Provinces – 6 June 2018C.

C. Tablings/ Introduction of Legislation to Parliament

- C.1 Property Practitioners Bill (Draft Bill) submitted to Parliament in terms of Joint Rule 159 and thereafter referred to both the Portfolio Committee on Human Settlements and the Select Committee on Social Services. The Bill has since been passed by both Houses of Parliament and is to be submitted to the President of the Republic for assent.
- C.2 Reports and Financial Statements of the DHS, together with those of the following entities, were tabled in Parliament in accordance with the Public Finance Management Act, 1999 (Act No 1 of 1999):

- C.2.1 RRHLF
 C.2.2 NURCHA
 C.2.3 SHRA
 C.2.4 CSOS
 C.2.5 HDA
 C.2.6 Thubelisha Homes NPC (in liquidation)
 C.2.7 NHBRC
 C.2.8 NHFC
 C.2.9 EAAB

- C.3 Progress Report on Intervention Taken on Public Submissions Received During Taking Parliament to The People Programme in Mangaung, Free State Province (National Council of Provinces).

- C.4 In terms of section 10 of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No 9 of 2009), after the adoption of the fiscal framework, Members of Cabinet must table updated Strategic Plans and APPs of their departments, public entities or institutions for consideration and tabling. However,

this being an election year, a date would not be set by the 5th Parliament; instead it was advised that these aforementioned documents be tabled after the revival of the Appropriation Bill during the 6th Parliament. Thus, a final date for the tabling of strategic plans and APPs is to be communicated by the Presiding Officers of the 6th Parliament.

D. Cabinet and its Committees

- D.1 The following Cabinet Memoranda were tabled at Cabinet and its Committees:

- D.1.1 Programme of Action Reports/ Outcome 8: Sustainable Human Settlements & Improved Quality of Household Life
 D.1.2 Matters Pertaining to Intervention in the North West Provincial Government in terms of Section 100 of the Constitution.

- D.1.3 Progress Report on The Development of a Strategic Position on Matters Unfolding After the Conclusion of the Millennium Development Goals Process.

E. Parliamentary Questions

- E.1 Total number of questions for written reply received from National Assembly from April 2018 to March 2019 = 83
 E.2 Total number of questions for oral reply received from National Assembly from April 2018 to March 2019 = 17
 E.3 Total number of questions for written reply received from National Council of Provinces from April 2018 to March 2019 = 12
 E.4 Total number of questions for oral reply received from National Council of Provinces from April 2018 to March 2019 = 7

In total, 119 questions were received from Parliament.

8. SCOPA RESOLUTIONS

There were no SCOPA resolutions taken in relation to the Department during the period under review.

9. PRIOR MODIFICATIONS AUDIT REPORTS

An action plan was developed in relation to all findings by the Office of the Auditor General. The action plan was submitted to the Office of the Auditor General for concurrence. The Internal Control Unit monitored the implementation planned action, requested and received monthly updates from responsible managers, updated the Action Plan and submitted it to Internal Audit.

Internal Auditors verified the progress on implementation of the planned action, as reported on the Action Plan and reported their findings to the Executive Management and Audit Committee.

Matter of Non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter*
Sufficient appropriate audit evidence could not be obtained for the reported actual performance against the target for the title deeds backlog being eradicated.	2016/17	
Programme 2 – Human Settlements Policy, Strategy and Planning	2017/18	
The Department did not have an adequate record keeping system to enable reliable reporting on achievement of the indicators listed below. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances, while in other cases the supporting evidence provided did not agree to the reported achievements. Based on the supporting evidence that was provided, the achievement of these indicators was different to the reported achievement in the annual performance report. I was also unable to further confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievements of the indicators listed below.		During the year under review, provinces were requested to: • report periodically on their delivery • Provide the national Department with 'Happy' letters, as part of the evidence
Programme 3 – Human Settlements Delivery Support	2017/18	
The reported achievement of 480 for target 1700 non-statutory military veterans housed is not reliable as the Department did not have an adequate performance management system to maintain records to enable reliable reporting on achievement of targets. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances while in other cases the supporting evidence provided did not agree to the reported achievement. Based on the supporting evidence that was provided, the achievement was 372, but I was unable to further confirm the remainder of the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.		
I was unable to obtain sufficient appropriate audit evidence for the reported achievements of 5 of the 19 indicators relating to this programme. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:		

Internal Control Unit

The Internal Control Unit is positioned within the Chief Financial Officer's Branch. During the financial year under review the unit:

- Co-ordinated the development of the Action Plan in respect of the 2017/18 Auditor General Audit Report and management letter.
- Co-ordinated the development of the Action Plan in respect of all the Internal Audit reports.
- Monitored progress on the implementation of the planned action to address the prior year's audit findings.
- Continued to serve as a custodian of all payments supporting documentation
- Continued to fulfill its secretariat role to the Loss Control Committee.
- Continued its responsibility of managing the following registers:
 - Losses incurred by the Department
 - Irregular expenditure
 - Fruitless and wasteful expenditure
- Conducted compliance reviews in respect of expenditure incurred during the financial year.

10. INTERNAL AUDIT AND AUDIT COMMITTEES**Internal Audit**

The Department has increased the Internal Audit capacity through the appointment of a panel of service providers to assist the Internal Audit unit to carry out its activities with efficiency and effectiveness.

During the period under review, the Internal Audit executed the approved internal audit plan. All planned audits were conducted and completed. The completion of these audits has contributed to improving the departmental control, risk management and governance environment.

The Internal Audit has further executed and completed three additional audits that were ad-hoc management requests. Furthermore, consulting services on matters regarding fruitless and wasteful expenditure identified were provided, and audit committee activities were coordinated. The Combined Assurance Plan was facilitated in the Department,

with the approved Combined Assurance Plan being implemented for the period under review.

Audit work conducted during the period under review was the following:

- Performance information and Evaluation of the IFS and AFS reviews
- Information Technology reviews
- Follow-up on the AG action plan and internal audit findings
- Risk Management and Ethics & Fraud Management
- Follow-up audits on Performance Management Development System and Contract Management
- Purchases and payables
- Facilities, records and security management
- Provincial reviews
- Consulting service – MPAT, APPs and Govan Mbeki Awards reviews.

Audit Committee

The Department has a fully functional Audit Committee that was appointed in terms of section 38 (1) (a) (ii) of the Public Finance Management Act, 1999

(Act 1 of 1999) and Treasury Regulation 3.1. It operated in accordance with the approved Charter (Terms of Reference), which details the mandate and the responsibilities of the committee. The main objective of the audit committee is to provide independent oversight function over governance, risk management and internal control processes of the Department and, furthermore, makes recommendations to the Accounting Officer, in order to improve the operations of the Department.

The committee has fulfilled its responsibilities in line with its mandate and also held in-committee meetings with management, internal audit and Audit-General to address any concerns from all stakeholders. A total of eight (8) meetings were held during this period. The contract term for two (2) members was extended for a further three (3) years with effect from 01 May 2018 to ensure continuity. Three (3) new Audit Committee members were appointed with effect from 01 October 2018.

Name	Qualifications	Internal or external member	If internal, position in the Department	Date Appointed	Date Resigned	No. of meetings attended
Mr S Faku	Senior Teachers Diploma B Education Honours Master of Science Graduate Diploma (Company Direction)	External Member	Not Applicable	1 May 2015*	Not Applicable	8
Ms R Kalidass	Bachelor of Accounting Sciences Bachelor of Commerce Honours Certificate in the Theory of Accountancy (CTA) CA (SA)	External Member	Not Applicable	1 May 2015**	31 Aug 2018	4
Ms W Dukuza	Bachelor of Procuratoris Admitted Attorney Diploma in Tax Practice Certificate in Labour Relations Management	External Member	Not Applicable	1 May 2015*	Not Applicable	7
Dr M Neluheni	Teachers Certificate Bachelor Arts Bachelor Arts Honours Master's Degree in City and regional Planning Doctor of Philosophy (Ph.D)	External Member	Not Applicable	1 Oct 2018	Not Applicable	4
Mr C Motau	Bachelor of Commerce Higher Diploma in Computer Auditing Certificate in IT Projects Management Certificate in Executive Leadership Certificate in Human Resource Management Master's Degree in Business Leadership Master's Degree in Information Technology	External Member	Not Applicable	1 Oct 2018	Not Applicable	4
Ms N Sizani	Senior Teachers Diploma Bachelor of Commerce Bachelor of Accounting Science Honours Certificate in the Theory of Accountancy (CTA) Post Graduate Diploma in Management	External Member	Not Applicable	1 Oct 2018	Not Applicable	4

*Contract extended for a further 3 years with effect from 01 May 2018. **Contract extended for 4 months, i.e. 01 May 2018 to 31 August 2018.

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

Audit Committee Responsibility

The audit committee reports that it has complied with its responsibilities arising from Section 38(1) (a) (ii) of The Public Finance Management Act and Treasury Regulations 3.1.13. The Audit Committee also reports that it has adopted formal Terms of Reference (TOR) as its Audit Committee Charter, has regulated its affairs in compliance with the charter and discharged all its responsibilities as contained thereof. The Audit Committee consists of five (5) external independent members. The committee holds at least six (6) scheduled meetings per year and special meetings where necessary.

Name of Member	Number of meetings scheduled	Number of meetings attended
Mr S Faku (Chairperson) ¹	8	8
Ms W Dukuza ¹	8	7
Ms R Kalidass ²	4	4
Dr M Neluheni ³	4	4
Mr C Motau ³	4	4
Ms N Sizani ³	4	4

¹ Contract extended for a further 3 years with effect from 01 May 2018. ² Contract ended 31 August 2018. ³ Appointed with effect from 01 October 2018.

Effectiveness of Internal Control

The audit committee recognises management's efforts to strengthen internal controls in the Department. However the committee noted that in certain instances matters reported by the external and internal audit in prior years have not been fully and satisfactorily addressed.

The following were key areas of concern raised by the Audit Committee:

- Information Communication and Technology (IT Governance);
- Performance Information (Programme 3); and
- Vacancies in some of the senior management position.

Management has provided assurance that effective corrective actions will be implemented in respect of all control weaknesses, and the committee will monitor these going forward.

Internal Audit Function

The committee had reviewed the Internal Audit work, which was based on the risk assessments conducted in the Department. The internal audit plan covered amongst others the Regularity Audit, Audit of Performance Information (AOPI), Performance Audit and Information System Audits as well as ad-hoc reviews. The outcomes of these reviews highlighted some weaknesses in the control environment, which were then raised with management with the requests that an action plan be developed to address these issues.

During the period under review the capacity of the internal audit functions was also enhanced by appointing a panel of service providers to support the function due to expansion of its mandate to provinces.

The committee is satisfied that the internal audit function is operating effectively and that it has addressed the key risks pertinent to the Department. The committee further notes with contentment the independence and objectivity of the internal audit function.

In-Year Management and Monthly/Quarterly Report

The Department has reported quarterly to the committee concerning Financial and Non-Financial performance and the committee is satisfied with the content, quality of management and quality of reports issued during the year under review in compliance with statutory framework. The committee noted the shortcomings with regard to performance against predetermine objectives in Programme 3. The committee has recommended that specific process be instituted to ensure that the information is both useful and reliable in terms of the applicable reporting framework.

Risk Management Function

The Audit Committee is responsible for the oversight role of the risk management activities. The Risk Management Committee (RMC) reports to the Audit Committee on the department's management of risks and related activities. In order to bridge the gap between the expectation of the audit committee and risk management committee a member of the audit committee sits as a standing invitee of the risk management committee. The committee has reviewed the risk register and the reports from the risk management committee and is satisfied with the efforts made by the management to ensure maturity of risk management processes. The committee has recommended that management consider the capacity of the risk management function.

Evaluation of Financial Statements

The Committee has:

- reviewed and discussed the audited annual financial statements included in the annual report, with management and the accounting officer;
- reviewed the Auditor General's report and management's response in relation to the financial statements;

- reviewed the organisation's compliance with legal and regulatory provisions;
- reviewed the audited financial statements for any significant adjustments resulting from the audit report, and
- reviewed the quality and timeline of the financial information availed to the committee for oversight purposes during the year, such as the interim financial statements.

The committee commend management for good quality annual financial statement submitted for audit.

Based on this review and assertions by management including the assurance provided by internal audit, the committee is satisfied with the progress made during the year under review.

Auditor General's Report

The Audit Committee concurs with and accepts the conclusion and audit opinion of the Auditor-General South Africa (AGSA) on the annual financial statement. The committee is of the view that the audited financial statement be accepted

and read together with the report of the AGSA. The committee also confirms that it has been thoroughly appraised of the issues giving rise to the audit opinion. The committee agrees with material findings reported on the performance information. The audit committee has met with the AGSA to ensure that there are no unresolved issues.

Appreciation

The committee would like to express its sincere appreciation to the management of the Department, Internal Audit, Risk Management Committee and the Auditor-General South Africa for their support and co-operation during the period under review.

On behalf of the Audit Committee



S Faku
Audit Committee Chairperson
Date: 31 July 2019

PART D: HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The department implemented its Human Resources Plan (HRP) for the 2016- 2019 MTEF period, as well as its Annual 2018/19 HR Implementation Plan, which both included the following Human Resources Management priorities:

- Secure the right quantity and quality of staff.
- Enhance implementation of the Human Resource Development Programme.
- Enhance implementation of the Employee Performance Management & Development System (EPMDS) Policy.
- Enhance implementation of Employee Health & Wellness Programme.
- Ensure sound labour relations in the department.

2. OVERVIEW OF HUMAN RESOURCES

Legislature that Govern Human Resources Management

Human Resource Management in the Public Service is governed by the following Legislations:

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

In addition to legislation, Human Resource Management in the Public Service is further governed by the following prescripts:

- DPSA directives, frameworks and guidelines
- Collective agreements

The Department continued to implement its Human Resources Plan (HRP) for the 2016-2019 MTEF period, together with 100% implementation of the approved Annual 2018/19 Implementation Plan, with the following HR priorities:

- Secure the right quantity and quality of staff by prioritizing prioritized vacant and funded posts.
- Align the Department's Organisational Structure to its mandate.
- Implement the HR Development Programme.
- Implement the DPSA's revised Employee Performance Management & Development System (EPMDS).
- Implement the Departmental Equity Plan.
- Implement the employee driven Employee Wellness Programme.
- Ensure sound labour relations.

Prioritize Filling Vacant and Funded Posts (securing the right quantity and quality of staff)

- Filling of prioritised vacant and funded posts was limited to contract appointments, due to the sustained NT cut in the budget for Compensation of Employees (CoE).
- While the contract appointments were necessary, they posed limitations in terms of securing desired quality staff, amidst prescript considerations and limitations.
- There were fruitful efforts however in clearing long inactive posts, especially those made Additional to Establishment, including conducting a staff Head Count, freezing of vacant unfunded posts, abolishment of terminated contract posts, thus correctly aligning Post Structure statistics, with COE Budget allocation thereof.

Ensure Full Compliance with Statutory Requirements

Maximum effort was made in ensuring full compliance on all HR aspects and obligations to Statutory Requirements, especially in terms of compliance with:

- Sustained consistent application of prescript provisions for various administrative processes, including HR service conditions, with positive AG ratings.
- Timeous reporting to Public Service Sector Education (PSETA) on Quarterly and Annual Training and expenditure reports.
- The 1.5% EPMDS bonus payouts for all staff levels, including implementation of applicable outcomes within financial year.
- Employment Equity obligations, including hosting the annual PSWMW, and accounting to relevant oversight Departments on employee health interventions that were implemented.
- All labour relations compliance requirements.

Review and Align Organisational Structure

The Organisational Structure review process was intended to:

- Ensure alignment with the National Development Plan (NDP), BNG policy, the MTSF and the Department's Strategic Plan and APP.
- Enhance holistic departmental capacity to deliver on its expanded mandate, and
- Enhance the Department's programme & project implementation capability to support provincial Departments and municipalities.
- The commenced Organisational Structure Review and alignment processes, were halted, however, after consideration of the implications of the 2019 elections, as subsequently affirmed by the DPSA 2019 Circular on Interim Measures.

Implement the HR Development Programme

In developing staff competencies, the Department supported empowering employee skills in various public service and sector disciplines through effective implementation of:

- The Workplace Skills Plan (WSP)
- The Department's Bursary programme.

Implement the DPSA's Revised Employee Performance Management & Development System

The Department sustained improved compliance to Employee Performance Management & Development System (EPMDS) requirements, including:

- Timeous staff submission of Performance Agreements, Mid Term Reviews and Annual Assessment Reports; Conclusion of Annual Performance (EPMDS) moderations for all staff, including SMS and Top Management before the end of financial cycle, including appeals.
- Complying with 1.5% cap on EPMDS bonus payouts for all staff levels, including implementation of applicable outcomes within financial year.

Implement the Employee Driven Employee Health and Wellness Programme

The Employee Health and Wellness Programme (EHWP) served as an

effective intervention to enhance employee productivity, including:

- Provision of EHWP services to staff, including confidential 365/24/7 counseling services.
- Various health promotion initiatives through quarterly onsite Employee Wellness Days, including health screenings, HIV counseling and testing (HCT).

Ensure Sound Labour Relations

Maximum effort was made to enhance sound and compliant Labour Relations, including:

- Revival of the DBC.
- Timeous address, investigation, and resolution of all received LR cases, grievances, misconduct, etc.
- Several sanctions were issued, including dismissals for abscondment from duty.

Continued staff awareness intervention on their rights and obligations as public servants.

3. HUMAN RESOURCE OVERSIGHT STATISTICS

3.1 Personnel Related Expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Prog 1: Administration	410 879	204 056	2 365	9 177	49.7%	583
Prog 2: Human Settlements Policy, Strategy & Planning	90 106	59 634	0	781	66.2%	795
Prog 3: Programme Delivery Support	174 532	61 759	120	46 857	35.4%	744
Prog 4: Housing Development Finance	31 519 867	19 577	0	3 367	0.1%	725
Total	32 195 384	345 026	2 485	60 182	1.1%	645

Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R)
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	22 434	7%	94	238 660
Highly skilled production (levels 6-8)	50 657	15%	123	411 846
Highly skilled supervision (levels 9-12)	133 232	39%	175	761 326
Senior and Top management (levels 13-16)	79 815	23%	63	1 266 905
11 Contract (levels 3-5)	3 182	1%	12	265 167
12 Contract (levels 6-8)	5 895	2%	17	346 765
13 Contract (levels 9-12)	20 142	6%	28	719 357
14 Contract (Level >= 13)	22 055	6%	15	1 470 333
18 Contract Other	7 614	2%	7	1 087 714
Total	345 026	100%	535	644 908

Table 3.1.3 Salaries, overtime, home owner's allowance and medical aid by programme for the period 1 April 2018 and 31 March 2019

Programme	Salaries		Overtime		Home owner's allowance		Medical aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Prog. 1: Administration	181 910	89.1	1 077	0.50	4 558	2.20	6 966	3.40
Prog. 2: Human Settlements Policy Strategy and Planning	33 883	90.4	105	0.20	920	1.50	1 059	1.80
Prog. 3: Programme Delivery Support	55 457	89.8	6	0.00	895	1.40	1 247	2.00
Prog. 4: Housing Development Finance	17 479	89.3	0	0.00	316	1.60	544	2.80
Total	308 729	89.5	1 189	0.30	6 690	1.90	9 816	2.80

Table 3.1.4 Salaries, overtime, home owner's allowance and medical aid by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Salaries		Overtime		Home owner's allowance		Medical aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (levels 1-2)	0	0	0	0	0	0	0	0
Skilled (levels 3-5)	20 074	74	272	1.20	1 455	6.50	2 374	10.60
Highly skilled production (levels 6-8)	45 328	79.4	432	0.90	1 861	3.70	3 874	7.60
Highly skilled supervision (levels 9-12)	119 215	87.8	340	0.30	1 574	1.20	2 864	2.10
Senior management (levels 13-16)	71 418	87.6	0	0	1 746	2.20	578	0.70
11 Contract (levels 3-5)	2 847	98.3	58	1.80	0	0	0	0
12 Contract (levels 6-8)	5 275	94.2	29	0.50	16	0.30	95	1.60
13 Contract (levels 9-12)	18 023	98.1	46	0.20	38	0.20	16	0.10
14 Contract (Level >= 13)	19 736	96.9	0	0	0	0	0	0
18 Contract Other	6 813	100.2	11	0.10	0	0	15	0.20
Total	308 729	89.5	1189	0.30	6 690	1.90	9 816	2.80

3.2 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on establishment, the number of employees, the vacancy rate, and whether there are any staff additional to the establishment number. This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In

terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme as at 31 March 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Prog. 1: Administration	403	350	13.20	20.00
Prog. 2: Human Settlements Policy Strategy and Planning	70	60	14.30	0.00
Prog. 3: Programme Delivery Support	96	88	8.30	3.00
Prog. 4: Housing Development Finance	43	37	14.00	0.00
Total	612	535	12.60	23.00

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2019

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	123	106	13.80	5
Highly skilled production (levels 6-8)	160	148	7.50	2
Highly skilled supervision (levels 9-12)	236	203	14.00	8
Senior management (levels 13-16)	93	78	16.13	8
09 Other, Permanent	8	8	0	2
11 Contract (levels 3-5), Permanent	12	12	0	5
12 Contract (levels 6-8), Permanent	17	17	0	-
13 Contract (levels 9-12), Permanent	28	28	0	8
14 Contract (Levels >13), Permanent	15	15	0	8
Total	612	535	12.6	23

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2019

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Engineering Sciences Related Permanent	3	3	0	0
Engineers and Related Professionals Permanent	6	6	0	0
Finance and Economics Related Permanent	54	52	3.70	2
General Legal Administration and Related Professionals Permanent	7	4	42.90	0
Total	70	65	7.14	0

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as at 31 March 2019

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	6	6	100	0	0
Salary Level 14	21	14	66.67	7	33.33
Salary Level 13	64	47	73.44	17	26.56
Total	92	68	73.91	24	26.09

Table 3.3.2 SMS post information as at 30 September 2018

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	6	6	100	0	0
Salary Level 14	21	14	66.67	7	33.33
Salary Level 13	64	47	73.44	17	26.56
Total	92	68	73.91	24	26.09

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 and 31 March 2019

SMS level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	1	0	0
Salary Level 13	0	0	2
Total	1	0	2

Table 3.3.4 Reasons for not having complied with the filling of funded vacant– SMS - advertised within 6 months and filled within 12 months after becoming vacant – for the period 1 April 2018 and 31 March 2019

Reasons for vacancies not advertised within six months
Review and alignment of the Department's Organisational Structure to the Department's mandate and outstanding approval thereof as well as unsuitability of interviewed candidates
Reasons for vacancies not filled within twelve months
Delay in approval of proposed revised structure; The inability to secure competent candidates as well caution on reduction of COE budget as allocated by NT

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, Departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2018 and 31 March 2019

Reasons for vacancies not advertised within six months
None, as the reasons were structural and candidate-dependent
Reasons for vacancies not filled within six months
None, as the reasons were dependent on suitability

3.4 Job Evaluation

The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2018 and 31 March 2019

Salary band	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (levels 1-2)	0	0	0	0	0	0	0
Skilled (levels 3-5)	111	0	0	24	100	0	0
Highly skilled production (levels 6-8)	135	1	0,70	1	100	0	0
Highly skilled supervision (levels 9-12)	208	0	0	3	100	0	0
Senior Management Service Band A	52	0	0	0	0	0	0
Senior Management Service Band B	21	0	0	0	0	0	0
Senior Management Service Band C	3	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
Other	8	0	0	0	0	0	0
Contract (Levels 3-5)	12	0	0	0	0	0	0
Contract (Levels 6-8)	17	0	0	0	0	0	0
Contract (Levels 9-12)	28	0	0	1	100	0	0
Contract Band A	5	0	0	0	0	0	0
Contract Band B	4	0	0	0	0	0	0

Salary band	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Contract Band C	2	0	0	0	0	0	0
Contract Band AD	4	0	0	0	0	0	0
Total	612	1	0,20	29	100	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 and 31 March 2019

Gender	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					

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 and 31 March 2019

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Total number of employees whose salary exceeded the grade determined by job evaluation for the period 1 April 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	3	0	0	0	0
Male	4	1	0	0	0
Total		0	0	0	0

Employees with a disability					
	1	0	0	0	0

Total number of employees whose salary exceeded the grade determined by job evaluation	None
---	------

3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band and critical occupations

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	99	0	5	5.10
Highly skilled production (levels 6-8)	131	0	6	4.60
Highly skilled supervision (levels 9-12)	187	0	10	5.30
Senior Management Service Bands A	46	0	1	2.20
Senior Management Service Bands B	15	0	1	6.70
Senior Management Service Bands C	3	0	0	0
Senior Management Service Bands D	1	0	0	0
Other Permanent	9	0	0	0
Contract (levels 3-5) Permanent	12	6	6	50
Contract (levels 6-8) Permanent	26	9	18	69.20
Contract (levels 9-12) Permanent	33	6	10	30.30
Contract Band A Permanent	3	3	0	0
Contract Band A Permanent	5	0	1	20
Contract Band A Permanent	2	1	1	50
Contract Band A Permanent	4	1	2	50
Total	576	26	61	10.60

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019

Critical occupation	Number of employees at beginning of period-April 2018	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Engineering Sciences Related Permanent	3	0	0	0
Engineers and Related Professionals Permanent	7	0	1	14.30
Finance and Economics Related Permanent	50	5	1	2.00
General Legal Administration and Related Professionals Permanent	5	0	1	20
Total	65	5	3	4.62

The table below identifies the most common reasons why staff left the Department.

Table 3.5.3 Reasons why staff left the Department: 1 April 2018 to 31 March 2019

Termination type	Number	% of total resignations
Death	2	3.30
Resignation	36	59
Expiry of contract	17	27.90
Dismissal – operational changes	0	0
Dismissal – misconduct	2	3.30
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	4	6.60
Transfer to other public service Departments		

Termination type	Number	% of total resignations
Other	0	0
Total	61	100
Total number of employees who left as a % of total employment		11.40

Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 and 31 March 2019

Occupation	Employees 1 April 2018	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Engineering Sciences Related Permanent	3	0	0	2	66.70
Engineers and Related Professionals Permanent	7	0	0	4	57.10
Finance and Economics Related Permanent	50	0	0	37	74.00
General Legal Administration and Related Professionals Permanent	5	0	0	2	40
Total	65	0	0	45	69.23

Table 3.5.5 Promotions by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Employees 1 April 2018	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (levels 1-2)	0	0	0	0	0
Skilled (levels 3- 5)	99	0	0	77	77.80
Highly skilled production (levels 6-8)	131	0	0	104	79.40
Highly skilled supervision (levels 9-12)	187	0	0	143	76.50
Senior Management (levels 13-16)	65	1	1.50	47	72.30
Other, Permanent	9	0	0	4	44.40
Contract (levels 3-5), Permanent	12	0	0	0	0
Contract (levels 6-8), Permanent	26	0	0	0	0
Contract (levels 9-12), Permanent	33	1	3	3	9.10
Contract (Level >13), Permanent	14	0	0	0	0
Total	576	2	0.30	378	65.60

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with a disability) in each of the following occupational categories as at 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	25	0	4	0	23	1	1	2	56
Professionals	53	1	1	4	61	5	1	8	134
Technicians and associate professionals	58	0	1	0	50	3	3	3	118
Clerks	50	1	0	3	96	5	4	9	168
Service and sales workers	12	0	0	0	12	0	1	0	25
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	1	0	0	0	0	0	0	0	1
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	10	0	0	1	21	1	0	0	33
Total	209	2	6	8	263	15	10	22	535
Employees with a disability	4	0	0	1	4	0	1	0	10

Table 3.6.2 Total number of employees (including employees with a disability) in each of the following occupational bands as at 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	1	0	3	0	1	0	5
Senior Management	29	0	2	2	21	1	0	3	58
Professionally qualified and experienced specialists and mid-management	75	1	1	4	75	5	3	11	175
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	35	1	0	1	69	4	5	8	123
Semi-skilled and discretionary decision making	29	0	0	1	62	1	1	0	94
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
07 Not Available, Permanent	3	0	1	0	4	0	0	0	8
08 Contract (Top Management), Permanent	3	0	1	0	2	0	0	0	6
09 Contract (Senior Management), Permanent	8	0	0	0	1	0	0	0	9
10 Contract (Professionally Qualified), Permanent	12	0	0	0	15	1	0	0	28
11 Contract (Skilled Technical), Permanent	7	0	0	0	8	2	0	0	17
12 Contract (Semi-Skilled), Permanent	8	0	0	0	3	1	0	0	12
Total	209	2	6	8	263	15	10	22	535

Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	1	0	0	0	0	0	2
Senior Management	2	0	0	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	2	0	0	0	4	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	0	0	0	3	2	0	0	9
Semi-skilled and discretionary decision making	3	0	0	0	2	1	0	0	6
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	12	0	1	0	10	3	0	0	26
Employees with a disability	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	1	0	0	0	1
Senior management	22	0	2	3	16	1	0	3	47
Professionally qualified and experienced specialists and mid- management	66	0	0	3	62	5	1	6	143
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	31	0	0	1	62	3	3	4	104
Semi-skilled and discretionary decision making	22	0	0	1	52	1	1	0	77
Unskilled and defined decision making	1	0	1	0	2	0	0	0	4
Total	142	0	3	8	195	10	5	13	376
Employees with a disability	3	0	0	1	2	0	0	0	6

Table 3.6.5 Terminations for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	1	0	0	0	1	2
Professionally qualified and experienced specialists and mid-management	7	0	0	0	3	0	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	4	1	0	0	6
Semi-skilled and discretionary decision making	2	0	0	0	2	1	0	0	5
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	10	0	0	1	9	2	0	1	23
Employees with a disability	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	1	1	0	0	1	0	0	0	3
	1	0	0	0	0	0	0	1	2

Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	21	0	2	0	31	2	0	2	58
Professionals	78	3	0	0	91	8	0	6	186
Technicians and associate professionals	35	1	0	1	45	1	0	1	84
Clerks	14	0	0	0	62	1	0	0	77
Service and sales workers	7	0	0	0	4	0	0	0	11
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	1	0	0	0	0	0	0	1
Elementary occupations	1	0	0	0	1	0	0	0	2
Total	156	5	2	1	234	12	0	9	419
Employees with a disability	0	0	0	1	3	0	0	0	4

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Below is information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken.

Table 3.7.1 Signing of Performance Agreements by SMS members as at 31 May 2019

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as a % of total number of SMS members
Director-General/ Head of Department	1	1	1	100%
Salary Level 16	0	0	0	0
Salary Level 15	6	6	6	100%
Salary Level 14	21	14	14	67%
Salary Level 13	64	47	47	73%
Total	92	68	68	74%

Table 3.7.2 Reasons for not having concluded a performance agreement with all SMS members as at 31 March 2019

Reasons
Secondments and maternity leave, SMS members who were seconded submitted Performance Agreements within 3 months of
Secondment and SMS members on maternity leave submitted Performance Agreements within 1 month of their return after maternity leave

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as at 31 March 2019

Reasons
Non-compliance letters were issued to SMS members who did not submit annual Performance Agreements or submitted after
the due date, SMS members were required to submit reasons for non-compliance, reasons were considered on showing good
cause, SMS members who did not show good cause were moderated however penalties contained in the EPMDS Directive for
SMS members were effected as per section 12.4 of the Directive were implemented, hence notch progression
Performance bonuses were not implemented

3.8 Performance Rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations.

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2018 to 31 March 201

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African					
Male	129	205	62.9%	1 658	12 852
Female	205	261	78.5%	2 510	12 242
Asian					
Male	1	6	16.7%	19	19 364
Female	7	9	77.8%	114	16 342
Coloured					
Male	2	2	100%	21	10 386
Female	13	15	86.7%	197	15 149
White					
Male	6	7	85.7%	92	15 264
Female	20	22	90.9%	333	16 656
Employees with a disability	6	8	75.0%	54	8 995
Total	389	535	72.7%	4 998	12 847

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019 for the 2017/18 Performance Cycle

Salary band	Beneficiary profile			Cost		Total cost as a % of total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R)	Average cost per employee (R)	
Lower Skilled (levels 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	85	94	90%	553 690	6 514	11%
Highly skilled production (levels 6-8)	121	123	98%	1 450 185	11 985	31%
Highly skilled supervision (levels 9-12)	164	175	94%	2 699 276	16 459	58%
09 Other	370	392	94%	4 703 151	34 958	33%
11 Contract (levels 3-5)	0	0	0	0	0	0
12 Contract (levels 6-8)	85	94	90%	553 690	6 514	11%
13 Contract (levels 9-12)	121	123	98%	1 450 185	11 985	31%
Total	164	175	94%	2 699 276	16 459	58%

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019 for the 2017/18 Performance Cycle

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee (R)
Financial clerks and credit controllers	20	37	54%	198 540	9 927
Household food and laundry services related	1	2	50%	15 763	15 763
Human resources clerks	11	13	84%	123 629	11 239
Security officers	9	16	56%	52 182	5 798
Human resources & organisat. Developm. & related prof.	19	15	127%	292 011	15 369
Messengers porters and deliverers	6	6	100%	44 754	7 459
Risk management and security services	0	3	0%	0	0
Logistical support personnel	27	18	150%	314 037	11 631
Finance and economics related	26	41	63%	380 068	14 618
Other administrat. & related clerks and organisers	25	27	93%	345 475	13 819
Housekeepers laundry and related workers	1.00	1	100%	6 024	6 024
Other occupations	0	2	0%	0	0
Financial and related professionals	10	33	30%	164 240	16 424
Administrative related	82	99	83%	1 309 540	15 970
Communication and information related	2	3	67%	37 180	18 590
Secretaries & other keyboard operating clerks	52	56	93%	551 148	10 599
Cleaners in offices workshops hospitals, etc.	22	22	100%	119 108	5 414
Library mail and related clerks	5	10	50%	71 130	14 226
Human resources related	6	6	100%	96 714	16 119
Trade/ industry advisers & other related profession	0	1	0%	0	0
Head of Department/ Chief Executive Officer	0	2	0%	0	0
General legal administration & rel. professionals	4	4	100%	48 752	12 188
Material-recording and transport clerks	11	8	138%	96 008	8 728
Other administrative policy and related officers	1	1	100%	17 448	17 448
Senior managers	8	52	15%	158 464	19 808
Client inform. Clerks (switchb. recept. inform. Clerks)	9	17	53%	90 000	10 000
Economists	9	11	82%	147 330	16 370
Engineers and related professionals	7	6	117%	121 135	17 305
Other information technology personnel	7	9	78%	111 727	15 961

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee (R)
Engineering sciences related	1	3	33%	17 866	17 866
Security guards	2	3	67%	12 048	6 024
Food services aids and waiters	4	5	80%	22 412	5 603
Community development workers	1	2	50%	22 84.009	22 894
Librarians and related professionals	1	1	100%	9 911	9 911
Total	389	530	73%	4 997 483	12 847

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019 for the 2017/18 Performance Cycle

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R)	
Band A	12	49	24%	187	15 623	0.30%
Band B	1	18	6%	18	18 217	0.10%
Band C	0	5	0	0	0	0
Band D	0	6	0	0	0	0
Total	13	78	17%	205	15 823	0.20%

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2018 and 31 March 2019

Salary band	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0	0	0
Contract (levels 9-12)	0	0	0	0	0	0
Contract (levels 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 and 31 March 2019

Major occupation	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
None	0	0	0	0	0	0

3.10 Leave Utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Contract (levels 13-16)	20	90.0%	3	15.0%	7	117
Contract (levels 3-5)	39	64.1%	9	23.1%	4	32
Contract (levels 6-8)	83	37.3%	20	24.1%	4	95
Contract (levels 9-12)	75	57.3%	18	24.0%	4	157
Contract Other	8	62.5%	3	37.5%	3	53
Lower Skills (levels 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	461	81.8%	67	14.5%	7	366
Highly skilled production (levels 6-8)	745	70.5%	108	14.5%	7	1 074
Highly skilled supervision (levels 9-12)	819	67.4%	139	17.0%	6	2 161
Top and Senior management (levels 13-16)	250	81.6%	37	14.8%	7	1 044
Total	2 500	71.2%	404	16.2%	6	5 099

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018

Salary band	Total days	% Days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Contract (levels 9-12)	22	100.0%	1	4.3%	22	39
Lower skilled (levels 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	352	100%	12	52%	29	215
Highly skilled production (levels 6-8)	126	100%	5	21.7%	25	209
Highly skilled supervision (levels 9-12)	10	100%	2	8.7%	5	21
Senior management (levels 13-16)	131	100%	3	13%	44	509
Total	641	100.0%	23	100.0%	28	994

The table below summarises utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Contract (levels 13-16)	100	7	14
Contract (levels 3-5)	134	8	16
Contract (levels 6-8)	208	9	22
Contract (levels 9-12)	335	10	35
Contract Other	140	9	15
Lower skilled (levels 1-2)	0	0	0
Skilled (levels 3-5)	2252	23	100
Highly skilled production (levels 6-8)	3172	23	135
Highly skilled supervision (levels 9-12)	4501	24	191
Senior management (levels 13-16)	1643	23	71
Total	12 485	21	599

Table 3.10.4 Capped leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 December 2018
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	0	0	0	1
Highly skilled production (levels 6-8)	2	2	1	23
Highly skilled supervision(levels 9-12)	3	3	1	32
Senior management (levels 13-16)	11	2	6	50
Total	16	7	8	106

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave payouts for the period 1 April 2018 and 31 March 2019

Reason	Total amount (R'000)	Number of employees	Average per employee (R)
Leave payout for 2018/19 due to non-utilisation of leave in the previous cycle	30	1	30 000
Capped leave 2018/19 on termination of service for 20YY/ZZ	815	3	271 667
Current leave payout on termination of service for 2018/19	478	5	95 600
Annual – Discounting with resignation (work days)	665	35	19 000
Total	1 819	40	417

3.11 HIV/AIDS and Health Promotion Programmes

Table 3.11.1 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
1. General Cleaners	Protective Gear, i.e. hand gloves are issued for use

Table 3.11.2 Details of health promotion and HIV/AIDS programmes

Question	Yes	No	Details, if the answer is 'yes'
1. 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 her/his name and position.	Yes		Palesa Mokalapa Director: Organisational Transformation
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being 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		The Department has an EHW unit at the level of Sub-directorate with two permanent officials. The EHW Coordinator at the Deputy-Director level and an Assistant-Director, who is a registered Social Worker
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/ services of this Programme.	Yes		Provision of onsite and offsite counselling to employees and their dependents on various psychosocial problems, training services on health promotion, including wellness days and Health Calendar events, and trauma debriefing services and bereavement support.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 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.	Yes		N. Letsholonyane: Deputy Director General P. Mokalapa, Director: OT H. Winkler, Director: HRD D. Moodley, Director: FM (OHS) C. Ramalepe, Director: HRM M. Els, Assistant Director: Labour Relations B. Ntlantsana, Assistant-Director: DG's Office J. Mokolo, Deputy-Director: Finance N. Diko, Deputy-Director: Capacity Development R. Mafhala, Deputy-Director: EE, CM, BP Management D. Mahlaba, ASD: EHW F. Hlongwane, Union Representative M. Ramakgale, Union Representative E. de Koker, Deputy-Director: EHW L. Tshivhase, Secretary
5. 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/ practices so reviewed.		No	
6. 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.	Yes		Discrimination against HIV positive employees is dealt with according to the Department's disciplinary code and procedures as stipulated in the departmental HIV/AIDS and TB Management Policy
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		On average 30% of employees attended HCT to know their HIV status during quarterly Wellness Days.
8. Has the Department developed measures/ indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/ indicators.		Yes	DPSA Quarterly Integrated EHW Reporting Tools DPSA Annual Integrated EHW Reporting Tools DPSA Annual EHW System Monitoring Tool

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2018 and 31 March 2019

Subject matter	Date
None	

Notes

If there were no agreements, keep the heading and replace the table with the following:

Total number of Collective agreements	None
---------------------------------------	------

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2018 and 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	2	25%
Written warning	1	12.5%
Final written warning	2	25%
Suspended without pay	2	25%
Fine	0	0
Demotion	1	12.5%
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	8	100%

Notes:

If there were no agreements, keep the heading and replace the table with the following:

Total number of Disciplinary hearings finalised	None
---	------

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019

Type of misconduct	Number	% of total
Failure to disclose and various other acts of misconduct	1	100%
Sleeping on duty, smelling of alcohol while on duty, unauthorized absence	1	100%
Total	2	100%

Table 3.12.4 Grievances logged for the period 1 April 2018 and 31 March 2019

Grievances	Number	% of total
Number of grievances resolved	11	52.4%
Number of grievances not resolved	10	47.6%
Total number of grievances lodged	21	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2018 and 31 March 2019

Disputes	Number	% of total
Number of disputes upheld	1	14.3%
Number of disputes dismissed	4	57.1%
Number of disputes pending/ not finalized	2	28.6%
Total number of disputes lodged	7	100%

Table 3.12.6 Strike action for the period 1 April 2018 and 31 March 2019

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2018 and 31 March 2019

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	365
Cost of suspension (R'000)	1 070

3.13 Skills development

This section highlights the efforts of the Department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Number of employees	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	33	0	11	18	29
	Male	48	0	7	14	21
Professionals	Female	123	0	85	24	109
	Male	101	0	74	7	81
Technicians and associate professionals	Female	32	0	28	18	46
	Male	14	0	27	11	38
Clerks	Female	89	0	37	26	63
	Male	45	0	9	6	15
Service and sales workers	Female	11	0	0	0	5
	Male	9	0	0	3	6
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	1	0	1
Elementary occupations	Female	23	0	2	7	8
	Male	6	0	1	2	4
Gender Sub-total	Female	311	0	334	86	253
	Male	225	0	288	43	166
Total		535	0	290	129	419

Table 3.13.2 Training provided for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	33	0	11	18	29
	Male	48	0	7	14	21
Professionals	Female	123	0	85	24	109
	Male	101	0	74	7	81
Technicians and associate professionals	Female	32	0	28	18	46
	Male	14	0	27	11	38
Clerks	Female	88	0	37	26	63
	Male	45	0	9	6	15
Service and sales workers	Female	11	0	5	0	5
	Male	9	0	3	3	6
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	23	0	2	7	9
	Male	6	0	2	2	4
Sub-total	Female	310	0	168	93	261
	Male	225	0	122	43	165
Total		536	0	290	136	426

3.14 Injury on duty

The following table provides basic information on injuries that occurred while staff were on duty.

Table 3.14.1 Injury on duty for the period 1 April 2018 and 31 March 2019

Nature of injury on duty	Number	% of total
Required basic medical attention only	10	50%
Temporary total disablement	10	50%
Permanent disablement	0	0
Fatal	0	0
Total	10	100%

3.15 Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 and 31 March 2019

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
External EAP Service contract	Metropolitan Health Corporation	12 months (2018)	351 225

Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rand

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of historically disadvantaged individuals (HDIs), for the period 1 April 2018 and 31 March 2019

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None			

Table 3.15.3 Report on consultant appointments using donor funds for the period 1 April 2018 and 31 March 2019

Project title	Total number of consultants who worked on projects	Duration (work days)	Donor and contract value in Rand
None			

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
None			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups who worked on the project
None			

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019

Salary band	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 (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0
Senior management (levels 13-16)	0	0	0	0
Total	0	0	0	0



PART E: **FINANCIAL INFORMATION**

Report of the Auditor-General to Parliament on vote no. 38: National Department of Human Settlements

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the National Department of Human Settlements set out on pages 132 to 200, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. 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 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA)

and the Division of Revenue Act of South Africa, 2018 (Act No. 01 of 2018)(Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

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

Other matters

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

7. The supplementary information set out on page 189 to 196 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 on them.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS prescribed by National Treasury and the requirements of the PFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the prepara-

tion of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting officer is responsible for assessing the National Department of Human Settlement's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2019:

Programmes		Pages in the annual performance report
Programme 2:	Human settlements policy, strategy and planning	40-44
Programme 3:	Programme monitoring and delivery support	45-53
Programme 4:	Housing development finance	54-58

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 3: Programme Monitoring and Delivery Support

Various indicator

17. I was unable to obtain sufficient appropriate audit evidence for the reported achievements in the annual performance report of the indicators listed below. This was due to inadequate technical indicator descriptions, proper performance management systems and processes with formal standard operating procedures that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm that the reported achievements of these indicators were reliable by alternative means. Consequently, we were unable to determine whether any adjustments were required to the reported achievements.

Indicator description	Target	Reported achievement
Support provided on the implementation of catalytic program	Provide support on the implementation of catalytic program	Support provided on the implementation of catalytic program
Support provided on the implementation of the revitalisation of distressed mining communities program	Provide implementation support to the revitalisation of distressed mining communities program	Implementation support was provided to the revitalisation of distressed mining communities programme
Support provided on the implementation of private affordable rental housing	Provide support on the implementation of private affordable rental housing	Provided support on the implementation of private affordable rental housing
Support provided on the implementation of social housing program	Provide support on the implementation of social housing program	Provided support on the implementation of social housing program
Support provided on the implementation of community residential units	Provide support on the delivery of community residential units	Provided support on the delivery of community residential units

18. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of 4 of the 21 indicators relating to this programme. This was due to limitations placed on the scope of our work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report of the indicators listed below:

Indicator description	Reported Achievement
Number of provinces and metros supported in implementing the informal settlements upgrading programme	9 provinces and 8 metros were supported on the implementation of the informal settlements upgrading programme
Number of provinces supported in implementing the subsidy housing programme	9 provinces were supported in implementing the housing subsidy programme
Number of provinces and metros supported in the implementation of PHP policy	7 Provinces and 6 Metros were supported in the implementation of PHP Policy
Number of provinces supported in the delivery of housing opportunities to Military Veterans	Nine Provinces were supported in the delivery of housing opportunities 230 housing opportunities (92 in Gauteng, 28 in Eastern Cape, 83 in Western Cape, 3 in Mpumalanga, 13 in Limpopo and 11 in North West)

19. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programme:

- Programme 2: Human settlements policy, strategy and planning
- Programme 4: Housing development finance

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages 30 to 58 for information on the achievement of planned targets for the year and explanations provided for the under and over achievement of a number of. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 17 to 18 of this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of *programme 2: human settlements policy, strategy and planning*. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

25. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report included in this report.
30. Leadership did not exercise effective oversight responsibility over performance information reported in the annual performance report and information technology governance, resulting in repeat audit findings.
31. Proper record keeping was not always implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support performance reporting.

32. Regular, accurate and complete performance reports that were supported and evidenced by reliable information was not prepared throughout the financial year.

Auditor General

Pretoria
31 July 2019



Annexure - Auditor-General's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Department of Human Settlement's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

TABLE OF CONTENTS

AUDITED ANNUAL FINANCIAL STATEMENTS

for National Department of Human Settlements for the year ended 31 March 2019

Appropriation Statement	132
Notes to the Appropriation Statement	152
Statement of Financial Performance	156
Statement of Financial Position	157
Statement of Changes in Net Assets	158
Cash Flow Statement	159
Notes to the Annual Financial Statements (including Accounting policies)	160
Annexures	193
South African Housing Fund	201

Appropriation per programme	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	439,750	-	8,438	448,188	410,879	37,309	91.7%	464,069	419,775
2. Human Settlements Policy, Strategy and Planning	92,681	-	4,460	97,141	90,106	7,035	92.8%	111,253	99,854
3. Human Settlements Delivery Support	246,005	-	(14,498)	231,507	174,532	56,975	75.4%	205,119	156,547
4. Housing Development Finance	31,677,407	-	1,600	31,679,007	31,519,867	159,140	99.5%	32,697,260	32,694,309
Total	32,455,843	-	-	32,455,843	32,195,384	260,459	99.2%	33,477,701	33,370,485

Reconciliation with statement of financial performance	2018/19	
	Final Appropriation	Actual Expenditure
Total (brought forward)		
ADD		
Departmental receipts	1,564	
NRF Receipts	-	
Aid assistance	1,489	
Actual amounts per statement of financial performance (total revenue)	32,458,896	
ADD		
Aid assistance		859
Prior year unauthorised expenditure approved without funding		
Actual amounts per statement of financial performance (total expenditure)		32,196,243

2017/18	
Final Appropriation	Actual Expenditure
603	
-	
1,578	
33,479,882	
	1,348
	33,371,833

Appropriation per economic classification	2018/19							2017/18	
	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
Economic classification									
Current payments	776,404	(5,422)	-	770,982	679,169	91,813	88.1%	758,786	658,162
Compensation of employees	376,945	-	-	376,945	345,026	31,919	91.5%	383,257	345,939
Salaries and wages	309,390	17,121	-	326,511	308,729	17,782	94.6%	331,768	309,883
Social contributions	67,555	(17,121)	-	50,434	36,297	14,137	72.0%	51,489	36,056
Goods and services	399,459	(5,422)	-	394,037	334,143	59,894	84.8%	375,529	312,223
Administrative fees	358	(108)	-	250	231	19	92.4%	1,348	1,274
Advertising	22,334	(2,864)	-	19,470	18,788	682	96.5%	23,098	22,229
Minor assets	4,544	(2,414)	-	2,130	673	1,457	31.6%	2,125	417
Audit costs: External	9,161	1,632	-	10,793	10,792	1	100.0%	10,064	10,054
Bursaries: Employees	2,031	(900)	-	1,131	1,113	18	98.4%	1,319	947
Catering: Departmental activities	5,115	2,245	1,280	8,640	7,776	864	90.0%	4,236	3,751
Communication	11,371	506	-	11,877	10,212	1,665	86.0%	11,945	10,420
Computer services	58,568	(8,940)	(8,600)	41,028	31,112	9,916	75.8%	48,831	33,901
Consultants: Business and advisory services	137,367	(37,637)	(10,660)	89,070	60,182	28,888	67.6%	57,042	30,771
Legal services	3,130	1,248	-	4,378	4,320	58	98.7%	6,871	5,866
Contractors	4,784	4,866	388	10,038	9,231	807	92.0%	19,799	18,578
Agency and support / outsourced services	626	(370)	-	256	-	256	-	155	-
Entertainment	749	(309)	-	440	135	305	30.7%	520	201
Fleet services	1,857	(263)	-	1,594	1,119	475	70.2%	1,649	1,369
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	13	-
Consumable supplies	2,896	(116)	-	2,780	1,900	876	68.4%	3,173	2,269
Consumable: Stationery, printing and office supplies	8,296	(2,612)	(300)	5,384	3,018	2,366	56.1%	6,111	4,575
Operating leases	28,737	3,103	10,000	41,840	41,723	117	99.7%	40,447	40,223
Property payments	15,293	(2,379)	-	12,914	12,203	711	94.5%	10,304	9,907
Travel and subsistence	53,848	17,531	4,432	75,811	68,532	7,279	90.4%	78,538	71,051
Training and development	4,927	(2,120)	-	2,807	2,485	322	88.5%	3,747	2,768
Operating payments	9,787	(1,109)	(300)	8,378	6,721	1,657	80.2%	8,440	6,976

Appropriation per economic classification	2018/19							2017/18	
	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
Venues and facilities	13,672	25,588	3,760	43,020	41,869	1,151	97.3%	35,754	34,676
Rental and hiring	8	-	-	8	8	-	100.0%	-	-
Transfers and subsidies	31,585,501	1,651	-	31,587,152	31,425,811	161,341	99.5%	32,544,242	32,543,272
Provinces and municipalities	30,491,439	-	-	30,491,439	30,333,953	157,486	99.5%	31,351,590	31,351,590
Provinces	19,045,302	-	-	19,045,302	18,990,031	55,271	99.7%	19,969,343	19,969,343
Provincial Revenue Funds	19,045,302	-	-	19,045,302	18,990,031	55,271	99.7%	19,969,343	19,969,343
Municipalities	11,446,137	-	-	11,446,137	11,343,922	102,215	99.1%	11,382,247	11,382,247
Municipal bank accounts	11,446,137	-	-	11,446,137	11,343,922	102,215	99.1%	11,382,247	11,382,247
Departmental agencies and accounts	1,079,034	-	-	1,079,034	1,079,034	-	100.0%	1,167,031	1,167,031
Departmental agencies and accounts	1,079,034	-	-	1,079,034	1,079,034	-	100.0%	1,167,031	1,167,031
Higher education institutions	3,500	-	-	3,500	-	3,500	-	-	-
Foreign governments and international organisations	4,246	-	-	4,246	4,245	1	100.0%	2,121	2,121
Public corporations and private enterprises	-	-	-	-	-	-	-	11,840	10,932
Public corporations	-	-	-	-	-	-	-	11,840	10,932
Other transfers to public corporations	-	-	-	-	-	-	-	11,840	10,932
Households	7,282	1,651	-	8,933	8,579	3,854	69.0%	11,660	11,598
Social benefits	360	1,651	-	2,011	1,819	192	90.5%	1,792	1,778
Other transfers to households	6,922	-	-	6,922	6,760	3,662	64.9%	9,868	9,820
Payments for capital assets	13,781	3,269	-	17,050	9,758	7,292	57.2%	24,193	18,580
Machinery and equipment	13,781	3,232	-	17,013	9,722	7,291	57.1%	24,193	18,580
Transport equipment	-	3,073	-	3,073	3,073	-	100.0%	-	-
Other machinery and equipment	13,781	1,59	-	13,940	6,649	7,291	47.7%	24,193	18,580
Intangible assets	-	37	-	37	36	1	97.3%	-	-
Payments for financial assets	80,157	502	-	80,659	80,646	13	100.0%	150,480	150,471
Total	32,455,843	-	-	32,455,843	32,195,384	260,459	99.2%	33,477,701	33,370,485

Programme 1: Administration	2018/19							2017/18	
	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
Sub programme									
5. Ministry	58,172	13,499	8,998	80,669	70,036	10,633	86.8%	81,418	73,924
6. Departmental Management	87,319	(7,332)	(10,560)	69,427	62,411	7,016	89.9%	65,287	54,544
7. Corporate Services	197,654	(7,271)	-	190,383	171,632	18,751	90.2%	213,078	191,162
8. Property Management	41,097	-	10,000	51,097	50,577	520	99.0%	48,564	48,086
9. Financial Management	55,508	1,104	-	56,612	56,223	389	99.3%	55,722	52,059
Total for sub programmes	439,750	-	8,438	448,188	410,879	37,309	91.7%	464,069	419,775
Economic classification									
Current payments	431,816	(3,555)	8,438	436,699	401,494	35,205	91.9%	442,086	401,799
Compensation of employees	223,779	-	-	223,779	204,056	19,723	91.2%	224,770	207,209
Salaries and wages	179,907	12,374	-	192,281	181,910	10,371	94.6%	193,306	184,867
Social contributions	43,872	(12,374)	-	31,498	22,146	9,352	70.3%	31,464	22,342
Goods and services	208,037	(3,555)	8,438	212,920	197,438	15,482	92.7%	217,316	194,590
Administrative fees	308	(128)	-	180	178	2	98.9%	1,288	1,247
Advertising	21,161	(4,134)	-	17,027	16,459	568	96.7%	19,196	18,478
Minor assets	3,070	(2,193)	-	879	570	309	64.8%	1,079	315
Audit costs: External	9,161	1,632	-	10,793	10,792	1	100.0%	10,064	10,054
Bursaries: Employees	2,031	(900)	-	1,131	1,113	18	98.4%	1,319	947
Catering: Departmental activities	2,655	(200)	1,300	3,755	3,358	397	89.4%	2,197	1,937
Communication	7,229	358	-	7,587	6,536	1,051	86.1%	7,502	6,558
Computer services	31,108	(8,720)	-	22,388	17,434	4,954	77.9%	27,838	19,362
Consultants: Business and advisory services	24,568	(4,624)	(10,560)	9,384	9,177	207	97.8%	5,572	3,921
Legal services	3,130	1,248	-	4,378	4,320	58	98.7%	6,871	5,866
Contractors	4,002	177	388	4,567	4,038	529	88.4%	6,464	5,710
Agency and support / outsourced services	568	(370)	-	198	-	198	-	75	-
Entertainment	558	(249)	-	309	83	226	26.9%	313	149
Fleet services	1,857	(263)	-	1,594	1,119	475	70.2%	1,648	1,369

Programme 1: Administration	2018/19							2017/18	
	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
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	5	-
Consumable supplies	1,901	(453)	-	1,448	991	457	68.4%	1,856	1,296
Consumable: Stationery, printing and office supplies	5,390	(1,866)	-	3,524	2,376	1,148	67.4%	4,315	3,588
Operating leases	28,737	3,103	10,000	41,840	41,723	117	99.7%	40,370	40,223
Property payments	15,293	(2,379)	-	12,914	12,203	711	94.5%	10,304	9,907
Travel and subsistence	25,697	11,827	5,010	42,534	40,428	2,106	95.0%	45,279	42,395
Training and development	4,727	(2,040)	-	2,687	2,365	322	88.0%	3,747	2,768
Operating payments	7,223	(2,869)	-	4,354	3,479	875	79.9%	4,550	3,799
Venues and facilities	7,655	9,486	2,300	19,441	18,688	753	96.1%	15,464	14,701
Rental and hiring	8	-	-	8	8	-	100.0%	-	-
Transfers and subsidies	213	389	-	602	449	153	74.6%	739	684
Households	213	389	-	602	449	153	74.6%	739	684
Social benefits	183	389	-	572	449	123	78.5%	693	684
Other transfers to households	30	-	-	30	-	30	-	46	-
Payments for capital assets	7,610	2,919	-	10,529	8,585	1,944	81.5%	20,980	17,034
Machinery and equipment	7,610	3,882	-	10,492	8,549	1,943	81.5%	20,980	17,034
Transport equipment	-	3,073	-	3,073	3,073	-	100.0%	-	-
Other machinery and equipment	7,610	(191)	-	7,419	5,476	1,943	73.8%	20,980	17,034
Intangible assets	-	37	-	37	36	1	97.3%	-	-
Payments for financial assets	111	247	-	358	351	7	98.0%	264	258
Total	439,750	-	8,438	448,188	410,879	37,309	91.7%	464,069	419,775

1.1 Ministry	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	57,306	10,187	8,998	76,491	66,002	10,489	86.3%	79,898	72,998
Compensation of employees	31,809	-	-	31,809	23,190	8,619	72.9%	37,125	31,759
Goods and services	25,497	10,187	8,998	44,682	42,812	1,870	95.8%	42,773	41,239
Transfers and subsidies	-	-	-	-	-	-	-	246	241
Households	-	-	-	-	-	-	-	246	241
Payments for capital assets	766	3,121	-	3,887	3,748	139	96.4%	1,166	580
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	766	3,121	-	3,887	3,748	139	96.4%	1,166	580
Payments for financial assets	100	191	-	291	286	5	98.3%	108	105
Total	58,172	13,499	8,998	80,669	70,036	10,633	86.8%	81,418	73,924

1.2 Departmental Management	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	85,799	(7,404)	(10,560)	67,835	61,434	6,401	90.6%	63,797	53,782
Compensation of employees	48,874	(9)	-	48,865	45,496	3,369	93.1%	48,055	43,330
Goods and services	36,925	(7,395)	(10,560)	18,970	15,938	3,032	84.0%	15,742	10,452
Transfers and subsidies	10	82	-	92	90	2	97.8%	104	103
Households	10	82	-	92	90	2	97.8%	104	103
Payments for capital assets	1,507	(42)	-	1,465	853	612	58.2%	1,385	658
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1,507	(42)	-	1,465	853	612	58.2%	1,385	658
Payments for financial assets	3	32	-	35	34	1	97.1%	1	1
Total	87,319	(7,332)	(10,560)	69,427	62,411	7,016	89.9%	65,287	54,544

1.3 Corporate Services		2018/19						2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	192,619	(7,390)	-	185,229	167,748	17,481	90.6%	194,802	175,364
Compensation of employees	106,019	(975)	-	105,044	97,315	7,729	92.6%	102,476	98,272
Goods and services	86,600	(6,415)	-	80,185	70,433	9,752	87.9%	92,326	77,092
Transfers and subsidies	195	298	-	493	343	150	69.6%	378	330
Households	195	298	-	493	343	150	69.6%	378	330
Payments for capital assets	4,834	798	-	4,632	3,512	1,120	75.8%	17,803	15,376
Machinery and equipment	4,834	(293)	-	4,595	3,476	1,119	75.6%	17,803	15,376
Intangible assets	-	37	-	37	36	1	97.3%	-	-
Payments for financial assets	6	23	-	29	29	-	100%	95	92
Total	197,654	(7,271)	-	190,383	171,632	18,751	90.2%	213,078	191,162

1.4 Property Management		2018/19						2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	41,097	-	10,000	51,097	50,577	520	99.0%	48,564	48,086
Goods and services	41,097	-	10,000	51,097	50,577	520	99.0%	48,564	48,086
Total	41,097	-	10,000	51,097	50,577	520	99.0%	48,564	48,086

1.5 Financial Management	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	55,005	1,042	-	56,047	55,733	314	99.4%	55,025	51,569
Compensation of employees	37,077	984	-	38,061	38,055	6	100.0%	37,114	33,848
Goods and services	17,928	58	-	17,986	17,678	308	98.3%	17,911	17,721
Transfers and subsidies	-	17	-	17	16	1	94.1%	11	10
Households	-	17	-	17	16	1	94.1%	11	10
Payments for capital assets	503	42	-	545	472	73	86.6%	626	420
Other Machinery	503	42	-	545	472	73	86.6%	626	420
Payments for financial assets	-	3	-	3	2	1	66.7%	60	60
Total	55,508	1,104	-	56,612	56,223	389	99.3%	55,722	52,059

Programme 2: Human Settlements Policy, Strategy and Planning	2018/19							2017/18	
	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
Sub programme									
1. Management for policy, strategy and planning	8,083	31	-	8,114	6,866	1,248	84.6%	7,956	7,067
2. Human settlements policy frameworks	33,387	(2,398)	2,160	33,149	30,782	2,367	92.9%	32,714	29,685
3. Human settlements strategy and planning	51,211	2,367	2,300	55,878	52,458	3,420	93.9%	70,583	63,102
Total for sub programmes	92,681	-	4,460	97,141	90,106	7,035	92.8%	111,253	99,854
Economic classification									
Current payments	87,124	(167)	4,460	91,417	85,230	6,187	93.2%	95,029	85,224
Compensation of employees	61,526	-	-	61,526	59,634	1,892	96.9%	63,892	57,583
Salaries and wages	53,138	1,950	-	55,088	53,883	1,205	97.8%	56,361	52,095
Social contributions	8,388	(1,950)	-	6,438	5,751	687	89.3%	7,531	5,488
Goods and services	25,598	(167)	4,460	29,891	25,596	4,295	85.6%	31,137	27,641
Advertising	368	303	-	671	659	12	98.2%	294	288

Programme 2: Human Settlements Policy, Strategy and Planning	2018/19							2017/18	
	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
Minor assets	642	22	-	664	36	628	5.4%	175	76
Catering: Departmental activities	1,045	(21)	-	1,024	824	200	80.5%	984	870
Communication	1,662	200	-	1,862	1,750	112	94.0%	1,827	1,705
Computer services	-	-	-	-	-	-	-	6	5
Consultants: Business and advisory services	5,908	(7,272)	2,800	1,436	781	655	54.4%	4,992	3,362
Contractors	265	1,680	-	1,945	1,799	146	92.5%	2,822	2,821
Entertainment	37	1	-	38	23	15	60.5%	54	17
Consumable supplies	626	395	-	1,021	869	152	85.1%	1,027	922
Consumable: Stationery, printing and office supplies	649	4	-	653	364	289	55.7%	580	311
Travel and subsistence	10,897	2,817	-	13,714	12,083	1,631	88.1%	12,577	11,624
Operating payments	624	1,191	-	1,815	1,502	313	82.8%	266	142
Venues and facilities	2,875	513	1,660	5,048	4,906	142	97.2%	5,533	5,498
Transfers and subsidies	4,316	126	-	4,442	4,414	28	99.4%	14,782	13,869
Foreign governments and international organisations	4,246	-	-	4,246	4,245	1	100.0%	2,121	2,121
Public corporations and private enterprises	-	-	-	-	-	-	-	11,840	10,932
Public corporations	-	-	-	-	-	-	-	11,840	10,932
Other transfers to public corporations	-	-	-	-	-	-	-	11,840	10,932
Households	70	126	-	196	169	27	86.2%	821	816
Social benefits	70	126	-	196	169	27	86.2%	821	816
Payments for capital assets	1,238	-	-	1,238	420	818	33.9%	1,433	754
Machinery and equipment	1,238	-	-	1,238	420	818	33.9%	1,433	754
Other machinery and equipment	1,098	140	-	1,238	420	818		1,433	754
Payments for financial assets	3	41	-	44	42	2	95.5%	9	7
Total	92,681	-	4,460	97,141	90,106	7,035	92.8%	111,253	99,854

2.1 Management for Policy, Strategy and Planning	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7,868	31	-	7,899	6,804	1,095	86.1%	7,752	6,948
Compensation of employees	5,489	31	-	5,520	5,464	56	99.0%	5,855	5,833
Goods and services	2,379	-	-	2,379	1,340	1,039	56.3%	1,897	1,115
Transfers and subsidies	-	-	-	-	-	-	-	25	24
Households	-	-	-	-	-	-	-	25	24
Payments for capital assets	215	-	-	215	62	153	28.8%	179	95
Machinery and equipment	215	-	-	215	62	153	28.8%	179	95
Total	8,083	31	-	8,114	6,866	1,248	84.6%	7,956	7,067

2.2 Human Settlements Policy Framework	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	33,134	(2,419)	2,160	32,875	30,664	2,211	93.3%	31,616	28,747
Compensation of employees	25,689	(2,398)	-	23,291	21,759	1,532	93.4%	23,746	21,195
Goods and services	7,445	(21)	2,160	9,584	8,905	679	92.9%	7,870	7,552
Transfers and subsidies	-	1	-	1	1	-	100.0%	725	725
Households	-	1	-	1	1	-	100.0%	725	725
Payments for capital assets	253	-	-	253	98	155	38.7%	369	211
Machinery and equipment	253	-	-	253	98	155	38.7%	369	211
Payments for financial assets	-	20	-	20	19	1	95.0%	4	2
Total	33,387	(2,398)	2,160	33,149	30,782	2,367	92.9%	32,714	29,685

2.3 Human Settlements Strategy and Planning				2018/19				2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	46,122	2,221	2,300	50,643	47,762	2,881	94.3%	55,661	49,529
Compensation of employees	30,348	2,367	-	32,715	32,411	304	99.1%	34,291	30,555
Goods and services	15,774	(146)	2,300	17,928	15,351	2,577	85.6%	21,370	18,974
Transfers and subsidies	4,316	125	-	4,441	4,413	28	99.4%	14,032	13,120
Foreign governments and international organisations	4,246	-	-	4,246	4,245	1	100.0%	2,121	2,121
Public corporations and private enterprises	-	-	-	-	-	-	-	11,840	10,932
Households	70	125	-	195	168	27	86.2%	71	67
Social Benefits	70	125	-	195	168	27	86.2%	-	-
Payments for capital assets	770	-	-	770	260	510	33.8%	885	448
Machinery and equipment	770	-	-	770	260	510	33.8%	885	448
Payments for financial assets	3	21	-	24	23	1	95.8%	5	5
Total	51,211	2,367	2,300	55,878	52,458	3,420	93.9%	70,583	63,102

Programme 3: Human Settlements Delivery Support				2018/19				2017/18	
	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
Sub-programme									
1. Management for human settlements delivery support	9,031	1,479	-	10,510	8,346	2,164	79.4%	14,829	11,248
2. Programme management unit	189,016	(1,992)	(18,998)	168,026	125,387	42,639	74.6%	140,999	102,148
3. Chief operations	47,958	513	4,500	52,971	40,799	12,172	77.0%	49,291	43,151
Total for sub-programmes	246,005	-	(14,498)	231,507	174,532	56,975	75.4%	205,119	156,547
Economic classification									
Current payments	230,782	(1,700)	(14,498)	214,584	165,621	48,963	77.2%	193,471	145,695
Compensation of employees	71,950	-	-	71,950	61,759	10,191	85.8%	74,700	62,129
Salaries and wages	59,844	1,713	-	61,557	55,457	6,100	90.1%	64,233	55,290
Social contributions	12,106	(1,713)	-	10,393	6,302	4,091	60.6%	10,467	6,209

Programme 3: Human Settlements Delivery Support	2018/19							2017/18	
	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
Goods and services	158,832	(1,700)	(14,498)	142,634	103,862	38,772	72.8%	118,771	83,566
Administrative fees	50	20	-	70	53	17	75.7%	60	27
Advertising	766	1,006	-	1,772	1,670	102	94.2%	3,569	3,463
Minor assets	700	(160)	-	540	67	473	12.4%	707	-
Catering: Departmental activities	1,168	2,622	(20)	3,770	3,569	201	94.7%	878	916
Communication	2,071	(52)	-	2,019	1,621	398	80.3%	2,180	1,773
Computer services	27,460	(220)	(8,600)	18,640	13,678	4,962	73.4%	20,987	14,534
Consultants: Business and advisory services	104,492	(25,126)	(4,500)	74,866	46,857	28,009	62.6%	45,279	22,289
Contractors	517	2,914	-	3,431	3,300	131	96.2%	10,478	10,019
Agency and support / outsourced services	58	-	-	58	-	58	-	80	-
Entertainment	103	(31)	-	72	20	52	27.8%	105	28
Fleet services	-	-	-	-	-	-	-	1	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	6	-
Consumable supplies	322	(58)	-	264	33	231	12.5%	229	50
Consumable: Stationery, printing and office supplies	1,964	(672)	(300)	992	256	736	25.8%	968	524
Operating leases	-	-	-	-	-	-	-	77	-
Travel and subsistence	14,767	2,748	(578)	16,937	14,168	2,769	83.7%	17,982	15,374
Training and development	200	(80)	-	120	120	-	100.0%	-	-
Operating payments	1,350	(236)	(300)	814	375	439	46.1%	634	248
Venues and facilities	2,844	15,625	(200)	18,269	18,075	194	98.9%	14,551	14,321
Transfers and subsidies	10,476	1,136	-	11,612	7,938	3,674	68.4%	10,100	10,098
Higher education institutions	3,500	-	-	3,500	-	3,500	-	-	-
Households	6,976	1,136	-	11,612	7,938	3,674	68.4%	10,100	10,098
Social benefits	84	1,136	-	1,220	1,178	42	96.6%	278	278
Other transfers to households	6,892	-	-	10,392	6,760	3,632	65.1%	9,822	9,820

Programme 3: Human Settlements Delivery Support	2018/19							2017/18	
	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	4,704	350	-	5,054	720	4,334	14.2%	1,341	548
Machinery and equipment	4,704	350	-	5,054	720	4,334	14.2%	1,341	548
Other machinery and equipment	4,704	350	-	5,054	720	4,334	14.2%	-	-
Payments for financial assets	43	214	-	257	253	30	40.0%	207	206
Total	246,005	-	(14,498)	231,507	174,537	56,975	75.4%	205,119	156,547

3.1 Management for Human Settlements Delivery Support	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8,864	1,429	-	10,293	8,281	2,012	80.5%	14,539	11,063
Compensation of employees	5,755	1,505	-	7,260	6,540	720	90.1%	7,920	6,808
Goods and services	3,109	(76)	-	3,033	1,741	1,292	57.4%	6,619	4,255
Transfers and subsidies	-	-	-	-	-	-	-	123	123
Households	-	-	-	-	-	-	-	123	123
Payments for capital assets	167	50	-	217	65	152	30.0%	167	62
Machinery and equipment	167	50	-	217	65	152	30.0%	167	62
Payments for financial assets	-	-	-	-	-	-	-	167	62
Total	9,031	1,479	-	10,510	8,346	2,164	79.4%	14,829	11,248

3.2 Programme Management Unit	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	184,934	(3,639)	(18,998)	162,297	123,702	38,595	76.2%	140,252	101,818
Compensation of employees	39,520	(1,505)	-	38,015	35,354	2,661	93.0%	39,325	32,289
Goods and services	145,414	(2,134)	(18,998)	124,282	88,348	35,934	71.1%	100,927	69,529
Transfers and subsidies	24	1,136	-	1,160	1,125	35	97.0%	28	28
Households	24	1,136	-	1,160	1,125	35	97.0%	28	28
Payments for capital assets	4,045	300	-	4,345	339	4,006	7.8%	692	276
Machinery and equipment	4,045	300	-	4,345	339	4,006	7.8%	692	276
Payments for financial assets	13	212	-	224	221	3	98.7%	27	26
Total	189,016	(1,992)	(18,998)	168,026	125,387	42,639	74.6%	140,999	102,148

3.3 Chief of Operations	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	36,984	510	4,500	41,994	33,638	8,356	80.4%	38,680	32,814
Compensation of employees	26,675	-	-	26,675	19,865	6,810	74.5%	27,455	23,032
Goods and services	10,309	510	4,500	15,319	13,773	1,546	89.9%	11,225	9,782
Transfers and subsidies	10,452	-	-	10,452	6,813	3,639	65.2%	9,949	9,947
Higher education institutions	3,500	-	-	3,500	-	3,500	-	-	-
Households	6,952	-	-	6,952	6,813	139	65.2%	9,949	9,947
Social benefits	60	-	-	60	53	7			
Other transfer to households	6,892	-	-	6,892	6,760	132			
Payments for capital assets	492	-	-	492	316	176	64.2%	482	210
Machinery and equipment	492	-	-	492	316	176	64.2%	482	210
Payments for financial assets	30	3	-	33	32	1	97.0%	180	180
Total	47,958	513	4,500	52,971	40,799	12,172	77.0%	49,291	43,151

Programme 4: Housing Development Finance	2018/19							2017/18	
	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
Sub-programme									
1. Management for housing development finance	4,453	(404)	-	4,049	2,855	1,194	70.5%	4,082	2,713
2. Chief investment officer	22,481	404	1,600	24,485	24,025	460	98.1%	24,557	22,975
3. Human settlements development grant	18,266,647	-	-	18,266,647	18,266,647	-	100.0%	19,969,343	19,969,343
4. Contributions	1,159,034	-	-	1,159,034	1,159,034	-	100.0%	1,317,031	1,317,031
5. Urban settlements development grant	11,306,137	-	-	11,306,137	11,306,137	-	100.0%	11,382,247	11,382,247
6. Emergency housing grant	400,000	-	-	400,000	242,514	157,486	61.0%	-	-
7. Title deeds restoration grant	518,655	-	-	518,655	518,655	-	100.0%	-	-
Total for sub-programmes	31,677,407	-	1,600	31,679,007	31,519,867	159,140	62.9%	32,697,260	32,694,309
Economic classification									
Current payments	26,682	-	1,600	28,282	26,824	1,458	94.8%	28,200	25,444
Compensation of employees	19,690	-	-	19,690	19,577	113	99.4%	19,895	19,018
Salaries and wages	16,501	1,084	-	17,585	17,479	106	99.4%	17,868	17,001
Social contributions	3,189	(1,084)	-	2,105	2,098	7	99.7%	2,027	2,017
Goods and services	6,992	-	1,600	8,592	7,247	1,345	84.3%	8,305	6,426
Advertising	39	(39)	-	-	-	-	-	39	-
Minor assets	132	(85)	-	47	-	47	-	164	26
Catering: Departmental activities	247	(156)	-	91	25	66	27.5%	177	28
Communication	409	-	-	409	305	104	74.6%	436	384
Consultants: Business and advisory services	2,399	(615)	1,600	3,384	3,367	17	99.5%	1,199	1,199
Contractors	-	95	-	95	94	1	98.9%	35	28
Entertainment	51	(30)	-	21	9	12	42.9%	48	7
Inventory: Clothing material and supplies	4	-	-	4	-	4	-	2	-
Consumable supplies	47	-	-	47	7	40	16.3%	61	1
Consumable: Stationery, printing and office supplies	293	(78)	-	215	22	193	10.2%	248	152
Travel and subsistence	2,487	139	-	2,626	1,853	773	70.6%	2,700	1,658
Operating payments	590	805	-	1,395	1,365	30	97.8%	2,990	2,787
Venues and facilities	298	(36)	-	262	200	62	76.3%	206	156

Programme 4: Housing Development Finance	2018/19							2017/18	
	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
Transfers and subsidies	31,570,496	-	-	31,570,496	31,413,010	157,486	99.5%	32,518,621	32,518,621
Provinces and municipalities	30,491,439	-	-	30,491,439	30,333,953	157,486	99.5%	31,351,590	35,351,590
Provinces	19,045,302	-	-	19,045,302	18,990,031	55,271	99.7%	19,969,343	19,969,343
Provincial Revenue Funds	19,045,302	-	-	19,045,302	18,990,031	55,271	99.7%	19,969,343	19,969,343
Municipalities	11,446,137	-	-	11,446,137	11,343,922	102,215	99.1%	11,382,247	11,382,247
Municipal bank accounts	11,446,137	-	-	11,446,137	11,343,922	102,215	99.1%	11,382,247	11,382,247
Departmental agencies and accounts	1,079,034	-	-	1,079,034	1,079,034	-	100.0%	1,167,031	1,167,031
Departmental agencies	1,079,034	-	-	1,079,034	1,079,034	-	100.0%	1,167,031	1,167,031
Households	23	-	-	23	23	-	100.0%	-	-
Social benefits	23	-	-	23	23	-	100.0%	-	-
Machinery and equipment	229	-	-	229	33	196	14.4%	439	244
Other machinery and equipment	229	-	-	229	33	196	14.4%	439	244
Payments for financial assets	80,000	-	-	80,000	80,000	-	100.0%	150,000	150,000
Total	31,677,407	-	1,600	31,679,007	31,519,867	159,140	99.5%	32,697,260	32,694,309

4.1 Management for Housing Development Finance				2018/19				2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4,341	(404)	-	3,937	2,832	1,105	71.9%	3,933	2,661
Compensation of employees	2,677	(404)	-	2,273	2,172	101	95.6%	2,306	2,046
Goods and services	1,664	-	-	1,664	660	1,004	39.7%	1,627	615
Transfers and subsidies	23	-	-	23	23	-	100.0%	-	-
Households	23	-	-	23	23	-	100.0%	-	-
Payments for capital assets	89	-	-	89	-	89	-	149	52
Machinery and equipment	89	-	-	89	-	89	-	149	52
Total	4,453	(404)	-	4,049	2,855	1,194	70.5%	4,082	2,713

4.2 Chief Investment Officer				2018/19				2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	22,341	404	1,600	24,345	23,992	353	98.6%	24,267	22,783
Compensation of employees	17,013	404	-	17,417	17,405	12	99.9%	17,589	16,972
Goods and services	5,328	-	1,600	6,928	6,587	341	95.1%	6,678	5,811
Payments for capital assetsw	140	-	-	140	33	107	23.6%	290	192
Machinery and equipment	140	-	-	140	33	107	23.6%	290	192
Total	22,481	404	1,600	24,485	24,025	460	98.1%	24,557	22,975

4.3 Human Settlements Development Grant	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Transfers and subsidies	18,266,647	-	-	18,266,647	18,266,647	-	100.0%	19,969,343	19,969,343
Provinces and municipalities	18,266,647	-	-	18,266,647	18,266,647	-	100.0%	19,969,343	19,969,343
Total	18,266,647	-	-	18,266,647	18,266,647	-	100.0%	19,969,343	19,969,343

4.4 Contributions	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	1,079,034	-	-	1,079,034	1,079,034	-	100.0%	1,167,031	1,167,031
Departmental agencies and accounts	1,079,034	-	-	1,079,034	1,079,034	-	100.0%	1,167,031	1,167,031
Payments for financial assets	80,000	-	-	80,000	80,000	-	100.0%	150,000	150,000
Total	1,159,034	-	-	1,159,034	1,159,034	-	100.0%	1,317,031	1,317,031

4.5 Urban Settlements Development Grant	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	11,306,137	-	-	11,306,137	11,306,137	-	100.0%	11,382,247	11,382,247
Provinces and municipalities	11,306,137	-	-	11,306,137	11,306,137	-	100.0%	11,382,247	11,382,247
Total	11,306,137	-	-	11,306,137	11,306,137	-	100.0%	11,382,247	11,382,247

4.6 Emergency Housing Grant		2018/19						2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	400,000	-	-	400,000	242,514	157,486	60.6%	-	-
Provinces and municipalities	400,000	-	-	400,000	242,514	157,486	60.6%	-	-
Total	400,000	-	-	400,000	242,514	157,486	60.6%	-	-

4.7 Title Deeds Restoration Grant		2018/19						2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	518,655	-	-	518,655	518,655	-	100.0%	-	-
Provinces and municipalities	518,655	-	-	518,655	518,655	-	100.0%	-	-
Total	518,655	-	-	518,655	518,655	-	100.0%	-	-

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):

The following items are specifically and exclusively appropriated (Compensation of Employees, Human Settlements Development Grant, Municipal Emergency Housing Grant, National Housing Finance Corporation, Provincial Emergency Housing Grant, Title Deeds Restoration Grant and Urban Settlements Development Grant).

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note 6 (Payments for financial assets) to the Annual Financial Statements.

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

4.1 Per programme Administration	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Current payment	436,699	401,494	35,205	8%
Transfers and subsidies	602	449	153	25%
Expenditure for capital assets	10,529	8,585	1,944	18%
Financial assets	358	351	7	2%

Current Payments

Under-spending on current payments is attributed to:

- Vacant positions that could not be filled on time before the end of the financial year. Funding shortages over the MTEF coupled with the fact that the compensation of employee's budget was exclusively appropriated limited the number of prioritised positions that could be filled.
- Delays in the appointment of service providers to augment capacity for the Internal Audit, Risk Management and Investigations Unit.
- Delay in the implementation of the migration project, payment of Microsoft licence fees and the implementation of Virtual Private Network.

Expenditure for capital assets

- Expenditure for capital assets under-spending is attributed to the non-filling of positions, which resulted in less than expected equipment being bought.

Human Settlements Policy, Strategy and Planning	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Current payment	91,417	85,230	6,187	7%
Transfers and subsidies	4,442	4,414	28	1%
Expenditure for capital assets	1,238	420	818	66%
Financial assets	44	42	2	5%

Current Payments

Under-spending on current payments is attributed to:

- Vacant positions that could not be filled on time before the end of the financial year. Funding shortages over the MTEF coupled with the fact that the CoE's budget was exclusively appropriated limited the number of prioritised positions that could be filled.
- Expenditure on consultant related activities was slow as teams started to work in the latter part of the financial year. These consultants are the municipal capacity support panel and consultant drafting of the guidelines for special housing needs.

Expenditure for capital assets

Expenditure for capital assets under-spending is again attributed to not filling positions, which resulted in less than expected equipment being bought.

Human Settlements Delivery Support	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Current payment	214,584	165,621	48,963	23%
Transfers and subsidies	11,612	7,938	3,674	32%
Expenditure for capital assets	5,054	720	4,334	86%
Financial assets	257	253	4	2%

Current Payments

Under-spending on current payments is attributed to:

- Vacant positions that could not be filled on time before the end of the financial year. Funding shortages over the MTEF coupled with the fact that the compensation of employee's budget was exclusively appropriated limited the number of prioritised positions that could be filled.
- The National Upgrading Support Programme underspent due the late commencement of the procurement process to secure the services of a panel of Professional Resource Teams.
- Service providers for Provincial & Municipal intervention support, Title Deeds Restoration grant support and Emergency Housing Grant Support were appointed in November 2018. As a result work only got underway thereafter resulting in underspending at year end.
- State Information Technology Agency provided limited support than required in relation to the Housing Subsidy System, thus resulting in under-spending.

Transfer and subsidies

- The under-spending on transfer and subsidies is due to the non-transfer to the Mangosuthu University of Technology for a Research Chair in human settlements.

Expenditure for capital assets

Under-spending on capital assets is again attributed to the non-filling of positions, which resulted in less than expected equipment being bought. In addition funds provided for the purchasing of billboards remained unspent as the purchasing of new billboards was put on hold.

Human Development Finance	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Current payment	28,282	26,824	1,458	5%
Transfers and subsidies	31,570,496	31,413,010	157,486	0%
Expenditure for capital assets	229	33	196	86%
Financial assets	80,000	80,000	-	0%

Current Payments

- Vacant positions that could not be filled on time before the end of the financial year. Funding shortages over the MTEF coupled with the fact that the CoE's budget was exclusively appropriated limited the number of prioritised positions that could be filled and reduction in traveling in travel and subsistence.
- Transfer and subsidies
- The emergency housing grants are transferred based on application and approval of the request by the Accounting Officer and NT. Expenditure is therefore based on all the applications and approvals at year end.

Expenditure for capital assets

- Expenditure for capital assets under-spending is mainly attributed to not filling positions, which resulted in less equipment being bought than was anticipated.

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	376,945	345,026	31,919	8%
Goods and services	394,037	334,143	59,894	15%
Transfers and subsidies				
Provinces and municipalities	30,491,439	30,333,953	157,486	1%
Departmental agencies and accounts	1,079,034	1,079,034	-	0%
Foreign governments and international organisations	4,246	4,245	1	0%
Households	12,433	8,579	3,854	31%
Payments for capital assets				
Machinery and equipment	17,013	9,722	7,291	43%
Intangible assets	37	36	1	3%
Payments for financial assets	80,659	80,646	13	0%

Vacant positions that could not be filled on time before the end of the financial year. Funding shortages over the MTEF coupled with the fact that the compensation of employee's budget was exclusively appropriated limited the number of prioritised positions that could be filled

The under-spending on Goods and Services is attributed to the following:

- Delay in appointing service providers to augment capacity for the Internal Audit, Risk Management and Investigations Unit.
- Delay in the implementation of the migration project, payment of Microsoft licence fees and the implementation of Virtual Private Network.
- Expenditure on consultant related activities was slow as teams started to work in the latter part of the financial year. These consultants are the municipal capacity support panel and consultant drafting of the guidelines for special housing needs.
- The National Upgrading Support Programme underspent due the late commencement of the procurement process to secure the services of a panel of Professional Resource Teams.
- Service providers for Provincial & Municipal intervention support, Title Deeds Restoration grant support and Emergency Housing Grant Support were appointed in November 2018. As a result work only got underway thereafter resulting in underspending at year end.
- State Information Technology Agency provided limited support than required in relation to the Housing Subsidy System, thus resulting in under-spending.

The under-spending on Transfer and subsidies is attributed to the following:

- The emergency housing grants are transferred based on application and approval of the request by the Accounting Officer and NT. Expenditure is therefore based on all the applications and approvals at year end.
- Non-transfer to the Mangosuthu University of Technology for a research Chair in human settlements.

Expenditure for capital assets underspending is mainly attributed to the non-filling of positions, which resulted in less equipment being bought than was anticipated as well as funds provided for the purchasing of bill boards remain unspent as the purchasing was put on hold.

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Human settlements development grant	18,266,647	18,266,647	-	0%
Urban settlements development grant	11,306,137	11,306,137	-	0%
Emergency housing grant	400,000	242,514	157,486	39%
Title deeds restoration grant	518,655	518,655	-	0%

- The emergency housing grants are transferred based on application and approval of the request by the Accounting Officer and NT. Expenditure is therefore based on all the applications and approvals at year end.
-

		2018/19	2017/18
	Note	R'000	R'000
REVENUE			
Annual appropriation	1	32,455,843	33,477,701
Departmental revenue	2	1,564	603
Aid assistance	3	1,489	1,578
TOTAL REVENUE		32,458,896	33,479,882
EXPENDITURE			
Current expenditure			
Compensation of employees	4	345,026	345,939
Goods and services	5	334,143	323,156
Aid assistance	3	859	1,348
Total current expenditure		680,028	670,443
Transfers and subsidies			
Transfers and subsidies	7	31,425,811	32,532,339
Total transfers and subsidies		31,425,811	32,532,339
Expenditure for capital assets			
Tangible assets	8	9,722	18,581
Intangible assets	8	36	-
Total expenditure for capital assets		9,758	18,581
Payments for financial assets	6	80,646	150,470
TOTAL EXPENDITURE		32,196,243	33,371,833

SURPLUS/(DEFICIT) FOR THE YEAR

262,653	108,049
----------------	----------------

Reconciliation of Net Surplus/(Deficit) for the year

Voted funds		260,459	107,216
Annual appropriation		260,459	107,216
Departmental revenue and NRF Receipts	14	1,564	603
Aid assistance	3	630	230

SURPLUS/(DEFICIT) FOR THE YEAR

262,653	108,049
----------------	----------------

	Note	2018/19 R'000	2017/18 R'000
ASSETS			
Current assets		259,875	105,957
Cash and cash equivalents	9	257,531	97,543
Prepayments and advances	10	400	4,677
Receivables	11	1,944	3,737
Non-current assets		2,316,283	2,236,786
Investments	12	2,314,239	2,234,239
Receivables	11	2,044	2,547
TOTAL ASSETS		2,576,158	2,342,743
LIABILITIES			
Current liabilities		261,808	108,410
Voted funds to be surrendered to the Revenue Fund	13	260,459	107,216
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	387	213
Payables	15	332	751
Aid assistance unutilised	3	630	230
TOTAL LIABILITIES		261,808	108,410
NET ASSETS		2,314,350	2,234,333
Represented by:			
Capitalisation reserve		2,314,239	2,234,239
Recoverable revenue		111	94
TOTAL		2,314,350	2,234,333

	Note	2018/19 R'000	2017/18 R'000
Capitalisation Reserves			
Opening balance		2,234,239	2,084,239
Transfers:			
Movement in Equity		80,000	150,000
Closing balance		2,314,239	2,234,239
Recoverable revenue			
Opening balance		94	186
Transfers:		17	(92)
Debts recovered (included in departmental receipts)		17	(92)
Closing balance		111	94
TOTAL		2,314,350	2,234,333

	Note	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		32,458,722	33,479,882
Annual appropriated funds received	1.1	32,455,843	33,477,701
Departmental revenue received	2	738	550
Interest received	2.3	652	53
Aid assistance received	3	1,489	1,578
Net (increase)/decrease in working capital		6,154	(8,014)
Surrendered to Revenue Fund		(108,606)	(109,548)
Surrendered to RDP Fund/Donor		(230)	(627)
Current payments		(680,028)	(670,443)
Payments for financial assets		(80,646)	(150,470)
Transfers and subsidies paid		(31,425,811)	(32,532,339)
Net cash flow available from operating activities	16	169,555	8,441
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(9,758)	(18,581)
Proceeds from sale of capital assets		174	
(Increase)/decrease in investments		(80,000)	(150,000)
Net cash flows from investing activities		(89,584)	(168,581)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		80,017	149,908
Net cash flows from financing activities		80,017	149,908
Net increase/(decrease) in cash and cash equivalents		159,988	(10,232)
Cash and cash equivalents at beginning of period		97,543	107,775
Cash and cash equivalents at end of period	17	257,531	97,543

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the Department's primary and secondary information.

The historical cost convention was used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1.	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2.	Going concern The financial statements have been prepared on a going concern basis.
3.	Presentation currency Amounts have been presented in South African Rand (R), which is also the functional currency of the department.
4.	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5.	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6.	Comparative information
6.1	Prior period comparative information 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.
6.2	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7.	Revenue
7.1	Appropriated funds Appropriated funds comprise departmental allocations and direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	Departmental revenue Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; • the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the Department's debt write-off policy.
8.	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	Social contributions Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
8.2	Other expenditure Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.
8.3	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.
8.4	Leases
8.4.1	Operating leases Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9.	Aid Assistance
9.1	Aid assistance received Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.
9.2	Aid assistance paid Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.
10.	Cash and cash equivalents Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. 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.
11.	Prepayments and advances Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.
12.	Loans and receivables Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the Department's write-off policy.
13.	Investments Investments are recognised in the statement of financial position at cost.
14.	Financial assets
14.1	Financial assets (not covered elsewhere) A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
14.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
15.	Payables Payables recognised in the statement of financial position are recognised at cost.
16.	Capital Assets
16.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

16.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
16.3	Intangible assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
16.4	Project Costs: Work-in-progress Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid to capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
17.	Provisions and Contingents
17.1	Provisions Provisions are recorded in the notes to the financial statements 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 or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
17.2	Contingent liabilities Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.
17.3	Contingent assets Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.
17.4	Commitments Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18.	Unauthorised expenditure Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either: • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. • Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.
19.	Fruitless and wasteful expenditure Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery. Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.
20.	Irregular expenditure Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impracticable to determine this, in which case reasons therefore are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.
21.	Changes in accounting policies, accounting estimates and errors Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
22.	Events after the reporting date Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.
23.	Principal-Agent arrangements All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.
24.	Departures from the MCS requirements The Department did not deviate from the modify cash statement requirements.
25.	Capitalisation reserve The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period, but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/ Provincial Revenue Fund when the underlying asset is disposed of and the related funds are received.
26.	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.

27.	Related party transactions A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.
28.	Inventories At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value. The cost of inventories is assigned by using the weighted average cost basis.
29.	Public-Private Partnerships PPPs are accounted for based on the nature or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies. A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.
30.	Employee benefits The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

1. ANNUAL APPROPRIATION

1.1 Annual Appropriation

	2018/19			2017/18	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	442,650	442,650	-	471,066	471,066
Human Settlements Policy, Strategy and Planning	89,781	89,871	-	93,573	93,573
Human Settlements Delivery Support	246,005	246,005	-	217,302	217,302
Human Development Finance	31,677,407	31,677,407	-	32,695,760	32,695,760
Total	32,455,843	32,455,843	-	33,477,701	33,477,701

All the funds allocated to the Department were requested and received.

2. DEPARTMENTAL REVENUE

	Note	2018/19 R'000	2017/18 R'000
Sales of goods and services other than capital assets	2.1	206	207
Interest, dividends and rent on land	2.2	652	53
Machinery and equipment	2.3	174	-
Transactions in financial assets and liabilities	2.4	532	343
Total revenue collected		1,564	603
Departmental revenue collected		1,564	603

2.1 Sales of goods and services other than capital assets

	Note	2018/19 R'000	2017/18 R'000
Sales of goods and services produced by the department	2	203	203
Sales by market establishment		63	63
Other sales (Commission on insurance & garnishees)		140	140
Sales of scrap, waste and other used current goods		3	4
Total		206	207

2.2 Interest, dividends and rent on land

	Note	2018/19 R'000	2017/18 R'000
Interest	2	652	53
Total		652	53

2.3 Sales of capital assets

	Note	2018/19 R'000	2017/18 R'000
Machinery and equipment	2	174	-
Total		174	-

2.4 Transactions in financial assets and liabilities

	Note	2018/19 R'000	2017/18 R'000
Other Receipts including Recoverable Revenue	2	532	343
Total		532	343

3. AID ASSISTANCE

	2018/19	2017/18
Note	R'000	R'000
Opening Balance	230	627
As restated	230	627
Transferred from statement of financial performance	630	230
Paid during the year	(230)	(627)
Closing Balance	630	230

3.1 Analysis of balance by source

	2018/19	2017/18
Note	R'000	R'000
Aid assistance from other sources	630	230
Closing balance	630	230

3.2 Analysis of balance

	2018/19	2017/18
Note	R'000	R'000
Aid assistance unutilised	630	230
Closing balance	630	230

3.3 Aid assistance expenditure per economic classification

	2018/19	2017/18
Note	R'000	R'000
Current	859	1,348
Total aid assistance expenditure	859	1,348

4. COMPENSATION OF EMPLOYEES

4.1 Salaries and Wages

	2018/19	2017/18
Note	R'000	R'000
Basic salary	237,600	231,453
Performance award	5,094	11,036
Service Based	15,634	16,603
Compensative/circumstantial	10,171	13,727
Other non-pensionable allowances	40,230	37,064
Total	308,729	309,883

4.2 Social contributions

	2018/19	2017/18
Note	R'000	R'000
Employer contributions		
Pension	26,431	26,457
Medical	9,816	9,551
Bargaining council	50	48
Total	36,297	36,056
Total compensation of employees	345,026	345,939
Average number of employees	536	586

5. GOODS AND SERVICES

		2018/19	2017/18
	Note	R'000	R'000
Administrative fees		231	1,274
Advertising		18,788	22,229
Minor assets	5.1	673	417
Bursaries (employees)		1,113	947
Catering		7,776	3,751
Communication		10,212	10,420
Computer services	5.2	31,112	33,901
Consultants: Business and advisory services		60,182	41,704
Legal services		4,320	5,866
Contractors		9,231	18,578
Entertainment		135	201
Audit cost – external	5.3	10,792	10,054
Fleet services		1,119	1,369
Consumables	5.4	4,918	6,844
Operating leases		41,723	40,223
Property payments	5.5	12,203	9,907
Rental and hiring		8	-
Travel and subsistence	5.6	68,532	71,051
Venues and facilities		41,869	34,676
Training and development		2,485	2,768
Other operating expenditure	5.7	6,721	6,976
Total		334,143	323,156

5.1 Minor assets

		2018/19	2017/18
	Note	R'000	R'000
Tangible assets	5	555	417
Machinery and equipment		555	417
Intangible assets		118	-
Mastheads and publishing titles		118	-
Total		673	417

5.2 Computer services

		2018/19	2017/18
	Note	R'000	R'000
Computer services	5	31,112	33,901
SITA computer services		22,447	27,060
External computer service providers		8,665	6,841
Total		31,112	33,901

5.3 Audit cost – External

		2018/19	2017/18
	Note	R'000	R'000
Audit cost – External	5	10,792	10,054
Regularity audits		10,792	10,054
Total		10,792	10,054

5.4 Consumables

Note	2018/19	2017/18
	R'000	R'000
<u>5</u>		
Consumable supplies	1,900	2,273
Uniform and clothing	26	185
Household supplies	1,395	348
Communication accessories	-	13
IT consumables	138	306
Other consumables	341	1,421
Stationery, printing and office supplies	3,018	4,571
Total	4,918	6,844

5.5 Property payments

Note	2018/19	2017/18
	R'000	R'000
<u>5</u>		
Municipal services	6,032	4,832
Property management fees	302	233
Property maintenance and repairs	763	1,120
Other (Cleaning services, safeguard security)	5,106	3,722
Total	12,203	9,907

5.6 Travel and subsistence

Note	2018/19	2017/18
------	---------	---------

	R'000	R'000
<u>5</u>		
Local	60,046	62,664
Foreign	8,486	8,387
Total	68,532	71,051

5.7 Other operating expenditure

Note	2018/19	2017/18
	R'000	R'000
<u>5</u>		
Professional bodies, membership and subscription fees	9	3
Resettlement costs	311	274
Other (Printing & Publications)	6,401	6,699
Total	6,721	6,976

6. PAYMENTS FOR FINANCIAL ASSETS

		2018/19	2017/18
	Note	R'000	R'000
Purchase of equity		80,000	150,000
Other material losses written off	6.1	617	128
Debts written off	6.2	29	342
Total		80,646	150,470

6.1 Other material losses written off

		2018/19	2017/18
	Note	R'000	R'000
	6		
Nature of losses			
Damages		591	123
No shows		26	5
Total		617	128

Included in the R591 thousand is an amount of R466 thousand, which relates to losses written off after the reporting date.

6.2 Debts written off

		2018/19	2017/18
	Note	R'000	R'000
	6		
Bad debts		29	342
Total		29	342
Total debt written off		29	342

7. TRANSFERS AND SUBSIDIES

		2018/19	2017/18
	Note	R'000	R'000
Provinces and municipalities	32, 33	30,333,953	31,351,590
Departmental agencies and accounts	Annex 1B	1,079,034	1,167,031
Foreign governments and international organisations	Annex 1E	4,245	2,121
Households	Annex 1G	8,579	11,597
Total		31,425,811	32,532,339

8. EXPENDITURE FOR CAPITAL ASSETS

		2018/19	2017/18
	Note	R'000	R'000
Tangible assets		9,722	18,581
Machinery and equipment	29	9,722	18,581
Intangible assets		36	-
Mastheads and publishing titles	30	36	-
Total		9,758	18,581

8.1 Analysis of funds utilised to acquire capital assets – 2018/19

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	9,722	-	9,722
Machinery and equipment	9,722	-	9,722
Intangible assets	36	-	36
Mastheads and publishing titles	36	-	36
Total	9,758	-	9,758

8.2 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	18,581	-	18,581
Machinery and equipment	18,581	-	18,581
Total	18,581	-	18,581

8.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2018/19	2017/18
		R'000	R'000
Tangible assets			
Machinery and equipment		1,860	1,952
Total		1,860	1,952

9. CASH AND CASH EQUIVALENTS

	Note	2018/19	2017/18
		R'000	R'000
Consolidated Paymaster General Account		257,436	97,448
Cash on hand		95	95
Total		257,531	97,543

There are no significant cash and cash equivalents held by the Department that are not available for use.

10. PREPAYMENTS AND ADVANCES

		2018/19	2017/18
	Note	R'000	R'000
Travel and subsistence		-	135
Advances paid (Not expensed)	10.1	400	4,542
Total		400	4,677

10.1 Advances paid (Not expensed)

	Balance as at 1 April 2018	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2019
Note	R'000	R'000	R'000	R'000	R'000
10					
National departments	4,542	(5,105)	(968)	1,931	400
Total	4,542	(5,105)	(968)	(1,931)	400

	Balance as at 1 April 2017	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2018
Note	R'000	R'000	R'000	R'000	R'000
10					
National departments	1,246	(7,408)	10,704	-	4,542
Total	1,246	(7,408)	10,704	-	4,542

11. RECEIVABLES

	Note	2018/19			2017/18		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	<u>11.1</u>	1,769	257	2,026	3,626	374	4,000
Recoverable expenditure	<u>11.2</u>	-	556	556	-	930	930
Staff debt	<u>11.3</u>	175	69	244	83	98	181
Other debtors	<u>11.4</u>	-	1,162	1,162	28	1,145	1,173
Total		1,944	2,044	3,988	3,737	2,547	6,284

11.1 Claims recoverable

	Note	2018/19	2017/18
		R'000	R'000
National departments	<u>11 and Annex 4</u>	2,026	4,000
Total		2,026	4,000

11.2 Recoverable expenditure (disallowance accounts)

	Note	2018/19	2017/18
		R'000	R'000
	<u>11</u>		
Disallowance miscellaneous		-	17
Damage vehicles		556	913
Total		556	930

11.3 Staff debt

	2018/19	2017/18
Note	R'000	R'000
11		
Traffic fine	1	-
Study	24	40
Vehicle	59	34
Cellphone	1	-
No show	11	3
SARS debt	7	-
Leave without pay	22	-
Salaries	27	98
Laptop	86	-
Petty cash	6	6
Total	244	181

11.4 Other debtors

	2018/19	2017/18
Note	R'000	R'000
11		
Suppliers	1,162	1,173
Total	1,162	1,173

11.5 Impairment of receivables

	2018/19	2017/18
Note	R'000	R'000
Estimate of impairment of receivables	2,016	1,794
Total	2,016	1,794

12. INVESTMENTS

	2018/19	2017/18
Note	R'000	R'000
Non-Current		
Shares and other equity		
National Housing Finance Corporation	2,313,635	1,610,000
SERVCON	604	604
National Urban Reconstruction and Housing Agency	-	442,660
Rural Housing Loan Fund	-	180,975
Total	2,314,239	2,234,239
	2018/19	2017/18
	R'000	R'000
Analysis of non-current investments		
Opening balance	2,234,239	2,084,239
Additions in cash	80,000	150,000
Disposals for cash	-	-
Non-cash movements	-	-
Closing balance	2,314,239	2,234,239

As at the 1st October 2018 (transaction date), the Assets and Liabilities of RHLF and NURCHA were effectively transferred to NHFC.

12.1 Impairment of investments

	2018/19	2017/18
Note	R'000	R'000
Estimate of impairment of impairment	604	-
Total	604	-

Servcon Housing Solution is a state owned entity that is being closed down. The external auditors conducted a solvency audit for the entity as at 30 September 2015. The solvency audit confirmed that Servcon Housing Solution is technically solvent. The liquidation of the entity is being pursued through a voluntary liquidation process.

13. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	2018/19	2017/18
Note	R'000	R'000
Opening balance	107,216	109,125
As restated	107,216	109,125
Transfer from statement of financial performance (as restated)	260,459	107,216
Paid during the year	(107,216)	(109,125)
Closing balance	260,459	107,216

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

	2018/19	2017/18
Note	R'000	R'000
Opening balance	213	33
As restated	213	33
Transfer from Statement of Financial Performance (as restated)	1,564	603
Paid during the year	(1,390)	(423)
Closing balance	387	213

15. PAYABLES – CURRENT

	2019/18	2017/18
Note	R'000	R'000
Clearing accounts	296	714
Other payables	36	37
Total	332	751

15.1 Clearing accounts

	2018/19	2017/18
Note	R'000	R'000
15		
Salary income tax: CL	262	682
Sal: GEHS refund control	-	23
Sal: Pension fund	34	9
Total	296	714

15.2 Other payables

	2018/19	2017/18
Note	R'000	R'000
15		
Salaries reversal control	35	-
The Housing Development Agency surrender	-	37
Staff debts	1	-
Total	36	37

16. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	2018/19	2017/18
Note	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance	262,653	108,049
Add back non-cash/cash movements not deemed operating activities	(93,098)	(99,608)
(Increase)/decrease in receivables	2,296	(3,108)
(Increase)/decrease in prepayments and advances	4,277	(590)
Increase/(decrease) in payables – current	(419)	(4,316)
Proceeds from sale of capital assets	(174)	-
Expenditure on capital assets	9,758	18,581
Surrenders to Revenue Fund	(108,606)	(109,548)
Surrenders to RDP Fund/Donor	(230)	(627)
Net cash flow generated by operating activities	169,555	8,441

17. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	2018/19	2017/18
Note	R'000	R'000
Consolidated Paymaster General account	257,436	97,448
Cash on hand	95	95
Total	257,531	97,543

18. CONTINGENT LIABILITIES

18.1 Contingent liabilities

	2018/19	2017/18
Note	R'000	R'000
Liable to Nature		
Housing loan guarantees Employees	<u>Annex 3A</u> 105	41
Claims against the department	<u>Annex 3B</u> 1,361,606	1,358,477
Intergovernmental payables (unconfirmed balances)	<u>Annex 5</u> 1,526	167
Other	<u>Annex 3B</u> 63,925	69,223
Total	1,427,162	1,427,908

It is premature for the Department to say whether the cases against the Department can or cannot be won. As these cases are before the courts, it is for the courts to decide. The outcome of these cases cannot be anticipated. The Department is defending these cases and will continue to defend as such until finality.

There is no reimbursement expected by the Department.

All the contingent liabilities known to the Department have been disclosed.

19. COMMITMENTS

	2018/19	2017/18
Note	R'000	R'000
Current expenditure		
Approved and contracted	40,335	53,151
Approved but not yet contracted	667	-
Sub Total	41,002	53,151
Capital expenditure		
Approved and contracted	123	1,224
Sub Total	123	1,224
Total Commitments	41,125	54,375

	R'000
Programme 1: Administration	
- Globaltec Communications	R136
- Koba IT Solutions	R25
- SA Qualifications Authority	R336
- J And G Consultants	R22
- Ubuntu Technology	R14
- Sita	R5 928
- Fedelity Cash Solutions	R61
- Lexisnexis	R76
Programme 2: Human Settlements Policy, Strategy and Planning	
- MMB Consultin	R105
- Aurecon SA	R185
Programme 3: Human Settlements Delivery Support	
- Urban Dynamics	R207
- Sita	R 124
- Aurecon SA	R700
- Aurecon SA	R1 076
- MIH Projects	R301
- BlackHead Consulting	R1 202
- BlackHead Consulting	R1 810
- BlackHead Consulting	R324
- Aseda Consulting.	R196
- Aseda Consulting	R199
- Nyeleti Consulting	R 45

20. ACCRUALS AND PAYABLES NOT RECOGNISED

20.1 Accruals

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	16,425	-	16,425	7,518
Interest and rent on land				-
Transfers and subsidies	25	-	25	20
Capital assets	24	-	24	40
Total	16,474	-	16,474	7,578

Listed by programme level

	Note	2018/19 R'000	2017/18 R'000
Administration		10,060	6,242
Human Settlements Policy, Strategy and Planning		1,060	237
Programme Delivery Support		5,288	955
Housing Development Finance		66	144
Total		16,474	7,578

20.2 Payables not recognised

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	6,127	911	7,038	4,216
Interest and rent on land	-	-	-	-
Transfers and subsidies	147	-	147	1,877
Other	-	-	-	77
Total	6,274	911	7,185	6,170

	2018/19	2017/18
Note	R'000	R'000
Listed by programme level		
Administration	891	4,116
Human Settlements Policy, Strategy and Planning	234	1,211
Programme Delivery Support	6,060	843
Total	7,185	6,170

	2018/19	2017/18
Note	R'000	R'000
Included in the above totals are the following:		
Confirmed balances with other departments	Annex 5 -	47
Total	-	47

21. EMPLOYEE BENEFITS

	2018/19	2017/18
Note	R'000	R'000
Leave entitlement	16,443	15,718
Service bonus	7,248	7,563
Performance awards	5,654	5,750
Capped leave commitments	4,961	5,394
Total	34,306	34,425

Included under leave entitlement is an amount of R190 thousand that employees owe to the department for leave days taken.

22. LEASE COMMITMENTS

22.1 Operating leases

2018/19	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 1 year	-	-	1,728	-	1,728
Total lease commitments	-	-	1,728	-	1,728

2017/18	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 1 year	-	-	-	33,322	33,322
Later than 1 year and not later than 5 years	-	-	-	1,728	1,728
Total lease commitments	-	-	-	35,050	35,050

The Department's operational leases constitute leasing of office accommodation.

22.2 Finance leases **

2018/19	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 1 year	-	-	-	1,889	1,889
Later than 1 year and not later than 5 years	-	-	-	1,691	1,691
Total lease commitments	-	-	-	3,580	3,580

2017/18	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 1 year	-	-	-	1,347	1,347
Later than 1 year and not later than 5 years	-	-	-	647	647
Total lease commitments	-	-	-	1,994	1,994

The Department's financial leases comprise of leasing of multi-function copiers and cell phone contracts.

23. IRREGULAR EXPENDITURE

23.1 Reconciliation of irregular expenditure

Note	2018/19	2017/18
	R'000	R'000
Opening balance	5,781	12,300
Prior period error		(2,977)
As restated	5,781	9,323
Less: Prior year amounts condoned	-	(11)
Less: Amounts not condoned and not recoverable	(538)	(3,531)
Closing balance	5,243	5,781
Analysis of awaiting condonation per age classification		
Prior years	5,243	5,781
Total	5,243	5,781

23.2 Details of irregular expenditure removed - not recoverable (not condoned)

Incident	Not condoned by (condoning authority)	2018/19
		R'000
Overseas trips - Approval by DG to derecognize expenditure		501w
Non-compliance - NT Instruction note 3 of 16/17 par 9.1 - Approval by DG to derecognize expenditure		37
Total		538

23.3 Details of irregular expenditures under determination or investigation (not included in the main note)

Incident	2018/19
	R'000
SITA - SLA not signed by delegated official (contract value R11 110 882.31)	11,110
Non-compliance - National Treasury Instruction Note 3 of 2016/17	329
Non-compliance - National Treasury Instruction Note 3 of 2016/17 (Business Services)	224
Total	11,663

24. FRUITLESS AND WASTEFUL EXPENDITURE

24.1 Reconciliation of fruitless and wasteful expenditure

Note	2018/19	2017/18
	R'000	R'000
Opening balance	2,827	2,800
Prior period error		(257)
As restated	2,827	2,543
Fruitless and wasteful expenditure – relating to current year	-	284
Less: Amounts resolved	(2,810)	-
Less: Amounts transferred to receivables for recovery <u>11.6</u>	-	284
Closing balance	17	2,827

24.2 Analysis of fruitless and wasteful expenditure awaiting resolution per economic classification

	2018/19	2017/18
	R'000	R'000
Current	17	-
Total	17	-

24.3 Details of fruitless and wasteful expenditures under investigation (not included in the main note)

Incident	2018/19 R'000
Management fees for cancellation of Bus Services	18
Cancellation of a Property Sector Transformation Summit	2,759
Cancellation of Staff Meeting	44
Total	2,821

25. RELATED PARTY TRANSACTIONS

Payments made	Note	2018/19 R'000	2017/18 R'000
Payments for financial assets		80,000	150,000
Total		80,000	150,000

The following Public Entities report to the Minister:

South African Housing Fund, National Home Builders Registration Council, NHFC, Thubelisha Homes, Housing Development Agency, Social Housing Regulatory Authority, Estate Agency Affairs Board and Community Scheme Ombuds Service.

Transfers paid to Public Entities are excluded as they have been included in Annexure 1B.

26. KEY MANAGEMENT PERSONNEL

	No. of Individuals	2018/19 R'000	2017/18 R'000
Political office bearers	2	4,231	4,379
Officials:			
Level 15 to 16	14	20,691	21,730
Level 14	23	25,816	34,438
Family members of key management personnel		-	149
Total		50,738	60,696

Key management includes officials in the post of Chief Director and higher, as well as officials acting in Chief Director positions and higher.

27. PROVISIONS

Note	2018/19 R'000	2017/18 R'000
GTAC	-	3,255
Total	-	3,255

Invoices not accompanied by any evidence to support the claim.

Reconciliation of movement in provisions – 2018/19

	Provision R'000	GTAC invoices R'000	Provision 3 R'000	Total provisions R'000
Opening balance	-	3,255	-	3,255
Closing balance	-	3,255	-	3,255

Reconciliation of movement in provisions – 2017/18

	Provision R'000	GTAC invoices R'000	Provision 3 R'000	Total provisions R'000
Opening balance	-	3,255	-	3,255
Closing balance	-	3,255	-	3,255

28. NON-ADJUSTING EVENTS AFTER REPORTING DATE

	2018/19
Nature of event	R'000
The Disposal Committee resolved on 15 April 2019 to dispose assets (Machinery and Equipment) by the 31 August 2019.	3,714
Total	3,714

29. MOVABLE TANGIBLE CAPITAL ASSETS

Movement in movable tangible capital assets per asset register for the year ended 31 March 2019	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	108,500	(5,604)	11,618	(1,361)	113,153
Transport assets	4,644	-	3,073	(174)	7,543
Computer equipment	58,192	(5,584)	4,285	(733)	56,160
Furniture and office equipment	23,375	(149)	70	(442)	22,854
Other machinery and equipment	22,289	129	4,190	(12)	26,596
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	108,500	(5,604)	11,618	(1,361)	113,153

The difference between the additions of R9.7 million (Note 8) and R11.6 million on machinery and equipment was mainly due to the generator that was capitalised.

Movable tangible capital assets under investigation

Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:

Machinery and equipment

Number	Value
	R'000
247	5,077

Assets under investigation are assets that could not be located during the assets verification process. Furthermore, Artwork was identified during the verification process and the valuation process is in progress. The Department is currently busy with the investigation.

29.1 Additions

Additions to movable tangible capital assets per asset register for the year ended 31 March 2019

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment	7,857	1,901	1,860	-	11,618
Transport assets	3,073	-	-	-	3,073
Computer equipment	4,285	-	-	-	4,285
Furniture and office equipment	70	-	-	-	70
Other machinery and equipment	429	1,901	1,860	-	4,190
Total additions to movable tangible capital assets	7,857	1,901	1,860	-	11,618

29.2 Disposals

Disposals of movable tangible capital assets per asset register for the year ended 31 March 2019

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Machinery and equipment	174	1,187	1,361	174
Transport assets	174	-	174	174
Computer equipment	-	733	733	
Furniture and office equipment	-	442	442	
Other machinery and equipment	-	12	12	
Total disposal of movable tangible capital assets	174	1,187	1,361	174

Included in the total amount for disposal is R44 thousand for write offs of laptops.

29.3 Movement for 2017/18

Movement in tangible capital assets per asset register for the year ended 31 March 2018

Opening balance	Prior period error	Additions	Disposals	Closing Balance
R'000	R'000	R'000	R'000	R'000
86,403	-	24,062	(1,965)	108,500
4,644	-	-	-	4,644
39,801	-	20,251	(1,860)	58,192
23,114	-	360	(99)	23,375
18,844	-	3,451	(6)	22,289
86,403	-	24,062	(1,965)	108,500

29.4 Minor assets

Movement in minor assets per the asset register for the year ended as at 31 March 2019

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
-	1,144	-	16,999	-	18,143
-	-	-	109	-	109
-	117	-	557	-	674
-	-	-	(770)	-	770
-	1,261	-	16,895	-	18,156

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	29	-	29
Number of minor assets at cost	-	-	-	13,136	-	13,136
Total number of minor assets	-	-	-	13,165	-	13,165

Minor Capital Assets under investigation

Number	Value
	R'000

Included in the above total of the minor capital assets per the asset register are assets that are under investigation:

Intangible assets	875	1,326
--------------------------	------------	--------------

Assets under investigation are assets that could not be located during the assets verification process. The Department is currently busy with the investigation. Included in the total amount for disposal is R13 thousand for write-off of camera, television and trolley laptop bag.

Movement in minor assets per the asset register for the year ended as at 31 March 2018

	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	-	1,144	-	16,755	-	17,899
Additions	-	-	-	419	-	419
Disposals	-	-	-	(175)	-	(175)
Total minor assets	-	1,144	-	16,999	-	18,143

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	1	-	1
Total number of minor assets	-	-	-	1	-	1

29.5 S42 Movable capital assets**Major assets to be transferred in terms of S42 of the PFMA - 31 March 2019**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	2	-	46	-	48
Value of the assets (R'000)	-	24	-	3,156	-	3,180

Minor assets to be transferred in terms of S42 of the PFMA - 31 March 2019

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	1	-	25	-	26
Value of the assets (R'000)	-	2	-	45	-	47

Major assets subjected to transfer in terms of S42 of the PFMA - 31 March 2019

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
No. of Assets	-	2	-	46	-	48
Value of the assets (R'000)	-	24	-	3,156	-	3,180

Minor assets subjected to transfer in terms of S42 of the PFMA - 31 March 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	1	-	25	-	26
Value of the assets (R'000)	-	2	-	45	-	47

30. INTANGIBLE CAPITAL ASSETS

Movement in intangible capital assets per asset register for the year ended 31 March 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	6,248	-	-	-	6,248
Mastheads and publishing titles	-	-	36	-	36
Total intangible capital assets	6,248	-	36	-	6,284

30.1 Additions

Additions to intangible capital assets per asset register for the year ended 31 March 2019

	Cash R'000	Non-cash R'000	(Develop-ment work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
Mastheads and publishing titles	36	-	-	-	36
Total additions to intangible capital assets	36	-	-	-	36

30.2 Movement for 2017/18

Movement in intangible capital assets per asset register for the year ended 31 March 20YY

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	6,248	-	-	-	6,248
		-	-	-	-
Total intangible capital assets	6,248	-	-	-	6,248

31. IMMOVABLE TANGIBLE CAPITAL ASSETS

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2019

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	236	-	-	-	236
Non-residential buildings	-	-	-	-	-
Other fixed structures	236	-	-	-	236
Total immovable tangible capital assets	236	-	-	-	236

Refurbishment and upgrading of two buildings in Pretoria and Cape Town offices. The immovable Capital will be transferred to Public Works after the completion of joint verification and reconciliation of the costs.

32. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES

Name of province/grant	GRANT ALLOCATION				TRANSFER			SPENT				2017/18
	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	Unspent funds% of available funds spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Summary by province												
Eastern Cape	1,974,022	-	-	1,974,022	1,974,022	-	-	1,974,022	1,912,915	61,107	97%	2,339,316
Free State	1,122,609	-	-	1,122,609	1,122,609	-	-	1,122,609	1,073,972	48,637	96%	1,193,038
Gauteng	5,152,394	117,217	-	5,269,611	5,152,394	-	-	5,269,611	5,063,193	206,418	96%	5,378,050
KwaZulu-Natal	3,254,179	-	100,000	3,354,179	3,354,179	-	-	3,354,179	3,303,729	50,450	98%	3,677,567
Limpopo	1,310,187	-	-	1,310,187	1,310,187	-	-	1,310,187	1,236,115	74,072	94%	1,169,493
Mpumalanga	1,330,161	-	-	1,330,161	1,451,117	-	-	1,451,117	1,396,317	54,800	0%	1,495,774
Northern Cape	495,155	32,402	-	527,557	495,155	-	-	527,557	510,262	17,295	97%	502,668
North West	1,977,331	26,841	-	2,004,172	1,977,331	-	-	2,004,172	1,990,863	13,309	99%	1,886,679
Western Cape	2,069,137	-	127	2,069,264	2,153,037	-	-	2,153,037	2,069,264	83,773	100%	2,326,758
Total	18,685,175	176,460	100,127	18,961,762	18,990,031	-	-	19,166,491	18,556,630	609,861		19,969,343
Summary by grant												
1. Human settlements development grant	18,166,520	176,460	100,127	18,443,107	18,266,647	-	-	18,443,107	18,146,412	-	98%	19,969,343
2. Title deeds restoration grant	518,655	-	-	518,655	518,655	-	-	518,655	342,672	-	66%	-
3. Provincial emergency housing grant	260,000	-	-	-	204,729	-	-	204,729	67,546	-	0%	-
Total	18,945,175	176,460	100,127	18,961,762	18,990,031	-	-	19,166,491	18,556,630	-		19,969,343

Name of province/grant	GRANT ALLOCATION				TRANSFER			SPENT				2017/18
	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	Unspent funds% of available funds spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000

1. Human Settlements Development Grant (HSDG)

Eastern Cape	1,908,439	-	-	1,908,439	1,908,439	-	-	1,908,439	1,908,402	37	100%	2,339,316
Free State	1,072,422	-	-	1,072,422	1,072,422	-	-	1,072,422	1,063,802	8,620	99%	1,193,038
Gauteng	5,046,583	117,217	-	5,163,800	5,046,583	-	-	5,163,800	4,996,650	167,150	97%	5,378,050
KwaZulu-Natal	3,152,757	-	100,000	3,252,757	3,252,757	-	-	3,252,757	3,202,307	50,450	98%	3,677,567
Limpopo	1,287,681	-	-	1,287,681	1,287,681	-	-	1,287,681	1,224,411	63,270	95%	1,169,493
Mpumalanga	1,278,427	-	-	1,278,427	1,278,427	-	-	1,278,427	1,278,427	-	100%	1,495,774
Northern Cape	474,791	32,402	-	507,193	474,791	-	-	507,193	500,065	7,128	99%	502,668
North West	1,926,644	26,841	-	1,953,485	1,926,644	-	-	1,953,485	1,953,445	40	100%	1,886,679
Western Cape	2,018,776	-	127	2,018,903	2,018,903	-	-	2,018,903	2,018,903	-	100%	2,326,758
Total	18,166,520	176,460	100,127	18,443,107	18,266,647	-	-	18,443,107	18,146,412	296,695		19,969,343

2. Title deeds restoration grant

Eastern Cape	65,583	-	-	65,583	65,583	-	-	65,583	4,513	61,070	7%	-
Free State	50,187	-	-	50,187	50,187	-	-	50,187	10,170	40,017	20%	-
Gauteng	105,811	-	-	105,811	105,811	-	-	105,811	66,543	39,268	63%	-
KwaZulu-Natal	101,422	-	-	101,422	101,422	-	-	101,422	101,422	-	100%	-
Limpopo	22,506	-	-	22,506	22,506	-	-	22,506	11,704	10,802	52%	-
Mpumalanga	51,734	-	-	51,734	51,734	-	-	51,734	50,344	1,390	97%	-
Northern Cape	20,364	-	-	20,364	20,364	-	-	20,364	10,197	10,167	50%	-
North West	50,687	-	-	50,687	50,687	-	-	50,687	37,418	13,269	74%	-
Western Cape	50,361	-	-	50,361	50,361	-	-	50,361	50,361	-	100%	-
Total	518,655	-	-	518,655	518,655	-	-	518,655	342,672	175,983		-

Name of province/grant	GRANT ALLOCATION				TRANSFER			SPENT				2017/18
	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	Unspent funds% of available funds spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000

3. Provincial emergency housing grant

	260,000	-	-	-	-	-	-	-	-	-	-	-
Mpumalanga	-	-	-	-	120,956	-	-	120,956	67,546	53,410	0%	-
Western Cape	-	-	-	-	83,773	-	-	83,773	-	83,773	-	-
Total	260,000	-	-	-	204,729	-	-	204,729	67,546	137,183		-

In terms of section (15) (1) 2018 of DORA: (a) A total amount of R18 166 520 000 was allocated to provinces. (b) No funds were withheld/ stopped. (c) Transfers were made in accordance with the approved payment schedule. (d) No funds were reallocated. (e) Funds were transferred into the primary bank accounts of the provincial Departments. (f) The Human Settlements Developments Grant (HSDG) was not utilised for other

administrative purposes except in terms of Operational Capital Budget (OPSCAP) programme, which allows the provinces to utilize a certain percentage (a maximum of 5%) of the voted allocation (grant) to support the approved national and provincial housing programmes.

In terms of Section 15(1) of DORA 2018: (a) A total of R518 655 000 was allocated and transferred to provinces. (b) No

transfers were withheld or stopped. (c) The transfers were made in accordance with the approved payment schedule. (d) No reallocations were done by NT. (e) Transfers were deposited into the Provinces' primary bank accounts. (f) No funds were used for the administration by the receiving officer.

In terms of Section 15(1) of DORA 2018: (a) A total of R260 million was allocated

and R204.7 million was transferred to Mpumalanga (R120.9 million) and Western Cape (R83.7 million) provinces. (b) No transfers were withheld or stopped. (c) The transfers were made in accordance with the approved payment schedule. (d) No reallocations were done by NT. (e) All transfers were deposited into the primary bank accounts of the above provinces. (f) No funds were used for the administration by the receiving officer.

33. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

Urban Settlements Development Grant

Name of municipality	GRANT ALLOCATION				TRANSFER			SPENT				2017/18	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Buffalo City	762,992	-	200,000	962,992	962,992	-	-	962,992	446,067	516,925	46%	928,128	928,128
Nelson Mandela Bay	905,664	-	200,000	1,105,664	1,105,664	-	-	1,105,664	461,175	644,489	42%	1,090,561	1,090,561
Mangaung	756,216	-	(49,814)	706,402	706,402	-	-	706,402	433,282	273,120	61%	861,307	861,307
Ekurhuleni	1,971,737	38,090	(136,262)	1,873,565	1,835,475	-	-	1,835,475	601,609	1,233,866	32.1%	2,085,010	2,085,010
City of Johannesburg	1,852,262	-	-	1,852,262	1,852,262	-	-	1,852,262	822,151	1,030,111	44%	1,501,731	1,501,731
City of Tshwane	1,605,607	41,700	(106,055)	1,541,252	1,499,552	-	-	1,499,552	666,393	833,159	44%	1,616,415	1,616,415
eThekweni	1,966,869	-	(107,869)	1,859,000	1,859,000	-	-	1,859,000	1,004,118	854,882	54%	1,980,109	1,980,109
City of Cape Town	1,484,790	-	-	1,484,790	1,484,790	-	-	1,484,790	516,807	967,983	35%	1,318,986	1,318,986
Total	11,306,137	79,790	-	11,385,927	11,306,137	-	-	11,306,137	4,951,602	6,354,535		11,382,247	11,382,247

In terms of section 15(1) of DORA 2018:

(a) A total of R11 306 137 000 was allocated and transferred to Metropolitan Municipalities. (b) Amounts of R49.8 million, R136.2 million, R106 million and R107.8 million were stopped from being transferred to Mangaung, City of Ekurhuleni, City of Tshwane and eThekweni Metropolitan Municipalities

respectively due to poor performance on previous transfers. (d) Stopped funds were reallocated as follows: R200 million to Buffalo City and R200 million to Nelson Mandela Bay. (e) Funds were transferred to the primary bank accounts of Metropolitan Municipalities. (f) No funds were used for administration of the allocation by the receiving officer

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

Municipal Emergency Housing Grant

Name of municipality	GRANT ALLOCATION				TRANSFER			SPENT				2017/18	
	DoRA and other transfers	Roll-Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
	140,000	-	-	140,000	-	-	-	-	-	-	99%	-	-
Bitou	-	-	-	-	3,988	-	-	3,988	3,960	28	0%	-	-
Buffalo City	-	-	-	-	9,043	-	-	9,043	-	9,043	0%	-	-
Nelson Mandela Metropolitan	-	-	-	-	7,125	-	-	7,125	-	7,125	0%	-	-
Jozini	-	-	-	-	10,827	-	-	10,827	-	10,827	0%	-	-
OR Tambo District	-	-	-	-	5,284	-	-	5,284	-	5,284	0%	-	-
Joe Morolong	-	-	-	-	1,518	-	-	1,518	-	1,518	0%	-	-
Total	140,000	-	-	140,000	37,785	-	-	37,785	3,960	33,825	-	-	-

In terms of Section 15(1) of DORA 2018:
 (a) A total of R140 000 000 was allocated and R37.7 million was transferred to various municipalities for disasters and /or housing emergency. (b) No transfers were withheld or stopped. (c) The transfers were

made in accordance with the approved payment schedule. (d) No reallocations done by NT. (e) Transfers were deposited into the primary bank accounts of municipalities above. (f) No funds were used for the administration by the receiving officer.

ANNEXURE 1B**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

Departmental agency/ account	TRANSFER ALLOCATION				TRANSFER		2017/18
	Adjusted Appropriation	Roll-Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Housing Development Agency	222,177	-	-	222,177	222,177	100%	210,668
Social Housing Regulatory Authority	825,752	-	-	825,752	825,752	100%	926,963
Community Schemes Ombuds Service	31,105	-	-	31,105	31,105	100%	29,400
Total	1,079,034	-	-	1,079,034	1,079,034		1,167,031

ANNEXURE 1E**STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

Foreign government/ international organisation	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation Act	Roll-Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
United Nations Membership Fees	4,246	-	-	4,246	4,245	100%	2,121
Total	4,246	-	-	4,246	4,245		2,121

ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation Act	Roll-Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave Gratuity	2,011	-	-	2,011	1,819	90%	1,792
Bursaries (Non-Employees)	10,392	-	-	10,392	6,760	65%	9,822
Donations and Gifts	30	-	-	30	-	0%	46
Total	12,433	-	-	12,433	8,579		11,660

ANNEXURE 1I

STATEMENT OF AID ASSISTANCE RECEIVED

Name of donor	Purpose	Opening Balance	Revenue	Expenditure	Paid back on/by 31 March	Closing Balance
		R'000	R'000	R'000	R'000	R'000
Received in cash						
LGSETA	Funding for disadvantage students in human settlements related qualifications	(203)	503	300	-	-
PSETA	Funding of learnerships	433	100	-	-	533
CETA	Skills development initiative	-	499	402	-	97
DANIDA	Energy efficiency for N2 Gateway project, Joe Slovo Precinct 3	-	157	157	-	-
Total		230	1,259	859	-	630

ANNEXURE 2A**STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES**

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 2018/19	% Held 2017/18	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed
				R'000		R'000		R'000		R'000		Yes/No
				2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
National/Provincial Public Entity												
National Housing Finance Corporation		100	100	84,187,332	84,187,332	2,313,635	1,610,000	4,348,755	3,169,252	104,907	116,936	No
SEVCON Housing Solution		100	100	100	100	604	604	-	-	-	-	No
National Urban Reconstruction and Housing Agency		-	-	-	-		442,600	-	519,280	-	(18,466)	No
Rural Housing Loan Fund		-	-	-	-		180,975	-	532,211	-	29,083	No
Total		200	200	84,187,432	84,187,432	2,314,239	2,234,239	4,348,755	4,220,743	104,907	127,553	

As at the 1st October 2018 (Transaction Date) the Assets and Liabilities of RHLF and NURCHA were effectively transferred to NHFC.

ANNEXURE 3A**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2018	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2019	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2019
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Nedbank	Housing	-	11	64	-	-	75	-	-
First Rand Bank	Housing	-	24	-	-	-	24	-	-
Old Mutual	Housing	-	6	-	-	-	6	-	-
Total		-	41	64	-	-	105	-	-

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019

Nature of Liability	Opening Balance 1 April 2018	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2019
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Tsoga ka Bohlaswa Trading Enterprise	401	-	-	-	401
Pasco Risk Management vs EAAB & 3 Others	490	-	-	-	490
Sunjith Singh vs Minister of Human Settlements & NHBRC	327,586	-	-	-	327,586
Angelina B Pitso vs Minister of Human Settlements and 5 Others	30,000	-	-	-	30,000
Mokgale AT vs Tshwane Metro Municipality and 6 Others	1,000,000	-	-	-	1,000,000
Mjayeli Security (PTY) LTD vs Director-General Human Settlements	-	3,129	-	-	3,129
Subtotal	1,358,477	3,129	-	-	1,361,606
Other					
Special Investigating Unit	5,322	-	5,322	-	-
SITA	6,901	-	22	-	6,879
Public Works Departments	57,000	-	-	-	57,000
Government printers	-	7	-	-	7
Vodacom	-	34	-	-	34
Skynet	-	5	-	-	5
Sub-total	69,223	46	5,344	-	63,925
TOTAL	1,427,700	3,175	5,344	-	1,425,531

Invoices received from suppliers (SITA, Department of Public Works, Vodacom, Skynet and Government Printing) are under dispute.

ANNEXURE 4**CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
South African Police Services	-	-	-	10	-	10	-	-
Department of Water and Sanitation	-	-	186	186	186	186	-	-
Gauteng Department of Agriculture and Rural Development	-	-	41	-	41	-	-	-
Eastern Cape Department of Road and Public Works	-	59	-	-	-	59	-	-
Gauteng Province Human Settlements	-	-	-	49	-	49	-	-
Gauteng Department of Social Economic Development	-	-	88	-	88	-	-	-
Eastern Cape Provincial	-	-	62	62	62	62	-	-
Department of International Relations and Cooperation	-	-	1,649	1,948	1,649	1,948	-	-
Subtotal	-	59	2,026	2,255	2,026	2,314	-	-
Other Government Entities								
NHBRC	-	-	-	58	-	58	-	-
CSOS	-	-	-	1,628	-	1,628	-	-
	-	-	-	1,686	-	1,686	-	-
Total	-	59	2,026	3,941	2,026	4,000	-	-

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Departments								
Current								
South African Police Services	-	-	54	-	54	-	-	-
Department of Justice & Constitutional Development	-	-	1,335	-	1,335	-	-	-
Eastern Cape Department of Roads and Public Works	-	47	-	-	-	47	-	-
Limpopo Provincial Department of Public Works and Infrastructure	-	-	20	20	20	20	-	-
Limpopo Department of Transport	-	-	-	17	-	17	-	-
Department of International Relations and Cooperation	-	-	-	37	-	37	-	-
DPSA	-	-	84	84	84	84	-	-
Subtotal	-	47	1,493	158	1,493	205	-	-
Other government entity								
Current								
Government Printing Works	-	-	33	9	33	9	-	-
Subtotal	-	-	33	9	33	9	-	-
TOTAL	-	47	1,526	167	1,526	214	-	-

ANNEXURE 6**INVENTORIES**

Inventories	Note	Quantity	2018/19	Quantity	2017/18
			R'000		R'000
Opening balance		1	1	1	1
Add/(Less): Adjustments to prior year balance		-	(35)	-	(11)
Add: Additions/Purchases – Cash		1,058	317	10,909	637
(Less): Issues		(908)	(305)	(10,909)	(637)
Closing balance (After weighted Ave price variance)		-	35	-	11
Closing balance		151	13	1	1

ANNEXURE 8A**INTER-ENTITY ADVANCES PAID (Note 14)**

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
National departments						
GCIS	-	-	400	4,542	400	4,542
Total	-	-	400	4,542	400	4,542

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. On 15 August 2003, MINMEC approved the disestablishment of the South African Housing Fund (SAHF). The final disestablishment of the SAHF can only be effected through the repeal of the Housing Act, Act 107 of 1997. The SAHF was delisted from the Public Finance Management Act with effect from 18 November 2003.

2. Accounting Authority's emoluments

In terms of section 11(5)(a) of the Housing Act (Act No 107 of 1997) the Director-General: Human Settlements is the accounting officer of the South African Housing Fund.

No emoluments were paid to the accounting authority from the South African Housing Fund since the accounting officer is being remunerated by the DHS (previously Department of Housing).

3. Auditors

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

4. Approval of financial statements

The financial statements for the South African Housing Fund were approved by the accounting officer

Statement of financial position		2018/19	2017/18
Notes		R'000	R'000
Assets			
Current Assets		32,585	32,585
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
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

Cash Flow Statement

		2018/19	2017/18
	Note	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	<u>5</u>	32 585	32 585

ACCOUNTING POLICIES

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

1. BASIS OF PREPARATION

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

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 recognized at cost.

All administration costs are borne by DHS.

No.

Debtors

Less: Provision for bad debt

Total

Post office account

Total

The final disestablishment of the SAHF will be effected upon promulgation of the Human Settlements Act.

The SAHF was delisted from the Public Finance Management Act with effect from 18 November 2003.

Notes to the cash flow statement

Cash with CPD

Total

2018/19	2017/18
R'000	R'000
421	421
(421)	(421)
-	-
627	627
627	627
32 585	32 585
32 585	32 585

According to the response received to an enquiry made to NT, the SAHF does not earn any interest on its CPD deposit. NT indicated that funds (to the credit of the SAHF) should not have been paid to the SAHF. It was furthermore indicated that NT borrows funds in all CPD accounts at 0% interest and utilizes such funds to fund its daily cash flows, hence interest earned on the deposit at CPD is not disclosed as income earned.

ADDENDUM: PERFORMANCE ON ESTIMATES OF NATIONAL EXPENDITURE (ENE) INDICATORS**ANNEXURE: PERFORMANCE ON STRATEGIC OBJECTIVES INDICATORS and ENE****Programme 1: Administration**

Purpose of Programme: Provide strategic leadership, management and support services to the department

STRATEGIC OBJECTIVES AND MEDIUM-TERM TARGETS FOR 2018/19 TO 2020/21

(Strategic Objectives Annual Targets for 2018/19 to 2020/21)

Programme: Administration					
Strategic Objectives	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/19	Deviation from planned target to actual achievement 2018/2019	Comment on deviations
To promote efficient and effective administrative processes	Unqualified audit report 2016/17 with no matters of emphasis	Unqualified audit opinion 2017/18 with no matters of emphasis	Unqualified Audit Report with matter of emphasis on financial information and material findings on predetermined objectives	Matter of emphasis on financial information and material findings on predetermined objectives	Insufficient audit of performance by provinces
Effective and efficient legal support	A comprehensive human settlements legislation bill was developed (as per APP) Human Settlements Development Bank Bill Human Settlements Bill Property Practitioners Bill PIE amendment Bill Housing Consumer Protection Bill The Home Loan and Mortgage Disclosure Amendment Bill	Human settlements legislation developed	Development of human settlements legislation entails the following: the Human Settlements Development Bank Bill will be re-worked by POLERT, in order to conform to particular legal standards The Human Settlements Bill has been developed, but still needs to undergo appropriate approval structures The Property practitioners Bill 2018 Bill [B21B-2018] was referred and debated at the National Council of Provinces and it was unanimously agreed and voted by all parties represented in Parliament and their respective provinces The Department is waiting for the Cabinet's approval of the Housing Consumer Protection Bill, 2016 A Cabinet Memorandum requesting Cabinet to approve the submission of the Home Loan and Mortgage Disclosure Amendment Bill, 2016 to Parliament for introduction has been signed by the Minister. The Department is waiting for the Cabinet approval There is a strong view that the Pie Amendment Bill must be referred back to the DRDLR	None	Not applicable

Programme: Administration					
Strategic Objectives	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/19	Deviation from planned target to actual achievement 2018/2019	Comment on deviations
To provide ICT infrastructure that is reliable, secure and available	95%	Provide integrated information and communication technology services Provide integrated information services	96.5%	6.5%	None

Programme 2: Human Settlements Policy, Strategy and Planning

Programme purpose: Manage the development of, and compliance with, human settlements sector delivery and intergovernmental relations frameworks, and oversee integrated human settlements strategic and planning services

Programme Name: Programme 2: Human Settlements Policy, Strategy and Planning					
Strategic Objectives	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/19	Deviation from planned target to actual achievement 2018/2019	Comment on deviations
To establish partnerships to support the delivery of Human Settlements sector priorities	An approved National Human Settlements Development Plan for Provinces (HSDG)	National Human Settlements Development Plan developed	National HS development plan developed	None	Not applicable
	25 Inter-governmental fora coordinated in line with human settlements priorities	Inter-governmental structures maintained for the delivery of human settlements sector priorities	39 IGR structures maintained	None	Not applicable
To develop evidence based policies and programmes	Policy Framework for Human Settlements developed	Policy Framework for Human Settlements developed	Policy Framework for Human Settlements developed	None	Not applicable

Programme 3: Programme Monitoring and Delivery Support

Purpose of the programme: the purpose of this programme is to support the execution monitor and evaluate the implementation of human settlements programmes and projects

Programme Name: Programme Monitoring and Delivery support					
Strategic Objectives	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/19	Deviation from planned target to actual achievement 2018/2019	Comment on deviations
Provide implementation support on the delivery of sustainable human settlement	9 Provinces supported on the implementation of human settlements programmes	9 Provinces supported on the implementation of human settlements programmes	9 Provinces were supported on the implementation of human settlements programmes	None	Not applicable
Improved support and capacity for the human settlements sector	New target	9 Provincial departments supported with the implementation of human settlements apex programmes	9 Provincial departments were supported with the implementation of human settlements apex programmes	None	Not applicable
Enhanced sector monitoring and evaluation	1 evaluation study conducted (UISP three-year impact)	1 evaluation study (UISP three year impact) completed	1 evaluation study (UISP three year impact) not completed	Service provider not yet appointed	1 evaluation study (UISP three year impact) not completed Service provider not appointed

Programme 4: Housing Development Finance

Programme Purpose: Fund the delivery of housing and human settlements programmes, and manage all matters related to improving access to housing finance and developing partnerships with the financial sector.

Programme Name: Housing Development Finance					
Strategic Objectives	Actual Achievement 2017/18	Planned Target 2018/2019	Actual Achievement 2018/19	Deviation from planned target to actual achievement 2018/2019	Comment on deviations
Efficient and effective utilisation of human settlements grants	Human Settlements Grant Framework approved	Approved Human Settlements Grants Framework	Approved Human Settlements Grants Framework	None	Not applicable

Estimates of National Expenditure (ENE) Indicators

Section 2.4.4 of the Departmental Annual Report Guide for National and Provincial Department requires that Department to includes the planned targets as Estimates of National Expenditure.

Indicator	Programme	2018/19 Annual Target	Annual Output	Deviation	Reason for Deviation
Number of municipalities provided with technical assistance for informal settlement upgrading per year	Human Settlements Delivery Support	41	41	None	None
Number of informal settlements with settlement upgrading plans per year	Human Settlements Delivery Support	546	318	181	Professional teams could not access some settlements due to public unrest
Number of title deeds registered per year to eradicate the backlog	Housing Development Finance	247 500 _ENE Title Restoration Grant business Plan Pre 1994: 28403 Post1994: 136658	5773 37021	22 630 99 637	Slow proclamation of old township delays in confirmation of historical infrastructure
Number of title deeds registered per year for new developments	Housing Development Finance	105 000 51759 Business plan	8367	43 392	Not opening township registers
Number of additional People's Housing Process subsidies allocated to approved beneficiaries per year	Housing Development Finance	6 482	6 745	-263	None
Number of subsidy housing units completed per year	Housing Development Finance	99 454	77 584 (Prelim to be finalised at Reviews)	21 870	Underperformance by certain provinces
Number of additional households living in affordable rental housing units per year	Housing Development Finance	20 429	2 697	17 732	Underperformance by certain provinces
Number of households benefiting from informal settlements upgraded to level 2 per year	Housing Development Finance	131 107	3 260 (Prelim to be finalised at Reviews)	127 847	Underperformance by certain Metropolitan Municipalities
Number of finance-linked individual subsidy programme subsidies allocated to approved beneficiaries per year	Housing Development Finance	18 680	1 673	17 007	Unsatisfactory inter-sectoral collaborations, under-performance by certain provinces, and lack of affordable stock for people earning less than R15 000 per month
Number of integrated and catalytic projects initiated per year	Housing Development Finance	7	26	-19	None

DEPARTMENT OF HUMAN SETTLEMENTS:
ANNUAL REPORT 2018 - 2019

Call Centre: 0800 146 873 (Toll free)

Fraud & Corruption: 0800 701 701 (Toll free)

Website: www.dhs.gov.za

ISBN: 978-0-621-47885-3

RP332/2019