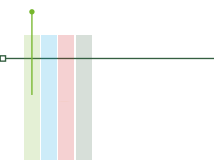
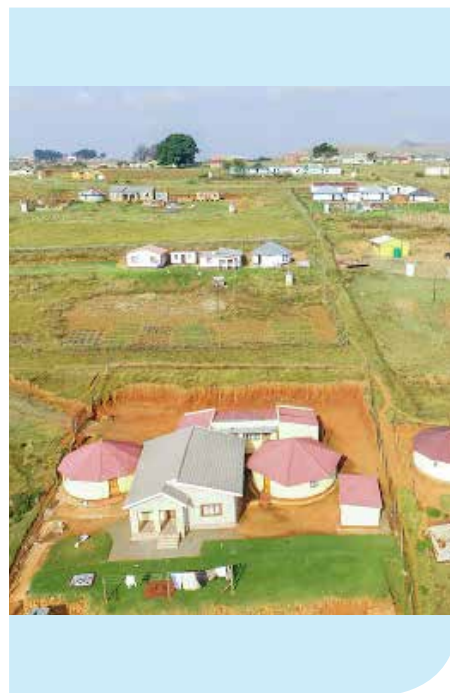
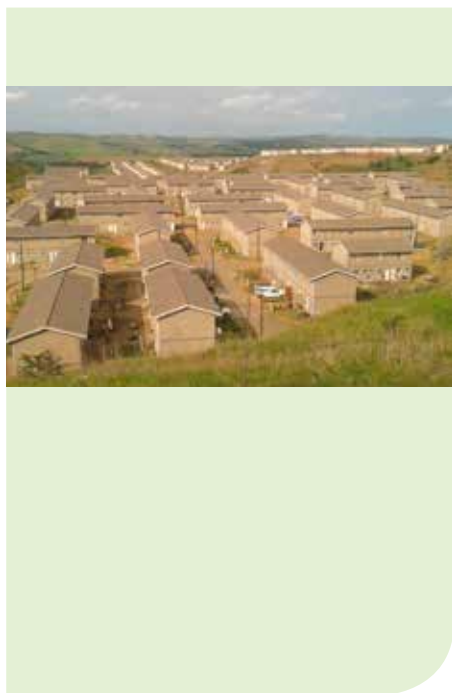




human settlements
Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA





*N MFEKETO (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 2017 to 31 March 2018 for tabling in the National Assembly on 30 September 2018.



M S TSHANGANA
DIRECTOR-GENERAL
DATE: 31 July 2018



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PART A: GENERAL INFORMATION



I. Department General Information

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2. List of Abbreviations

AG	Auditor General	DEA	Department of Environmental Affairs	EHWP	Employee Health and Wellness Programme	HRP	Human Resource Plan
APP	Annual Performance Plan	DHS	Department of Human Settlements	EMT	Executive Management Team	HR	Human Resource
AFUS	African Forum on Urban	DG	Director General	ENE	Estimate of National Expenditure	HSDG	Human Settlements Development Grant
AFS	Annual Financial Statements	DDG	Deputy Director General	EPMDS	Employee Performance Management Development Systems	HSS	Housing Subsidy System
BASA	Banking Association of South Africa	DFI	Development Finance Institutions	EPWP	Expanded Public Works Programme	IFS	Interim Financial Statements
BPCMEP	Batho Pele Change Management Programme	DHS	Department of Human Settlements	FLISP	Finance Linked Individual Subsidy Programme	ICT	Information and Communication Technology
BNG	Breaking New Ground	DIRCO	Department of International Relations and Cooperation	FOSAD	Forum for South African Director-Generals	IBSA	India, Brazil and South Africa
BP	Business Processes	DCOG	Department of Cooperative Governance	FNB	First National Bank	IT	Information Technology
CA(SA)	Chartered Accountant (South Africa)	DORA	Division of Revenue Act	GEHS	Government Employees Housing Scheme	IDP	Integrated Development Plan
CRU	Community Residential Units	DOT	Department of Transport	GDP	Growth Domestic Product	IGR	Inter-Governmental Relations
CSIR	Council for Scientific and Industrial Research	DPSA	Department of Public Service and Administration	GMA	Govan Mbeki Awards	IGTT	Inter-Governmental Task Team on Pomfret
CSOS	Community Schemes Ombud Services	DPW	Department of Public Works	GHCC	Gauteng Housing Crisis Committee	IRDP	Integrated Residential Development Programme
COSO	Committee of Sponsoring Organisations	DVD	Digital Video Disc	GHS	Government Housing Scheme	IMC	Inter-Ministerial Committee
CoE	Compensation of Employees	EE	Employment Equity	GIZ	German Development Agency	IUDF	Integrated Urban Development Framework
CPI	Consumer Price Index	EAAB	Estate Agency Affairs Board	GP	Gauteng Province	JCC	Joined Coordinating Committee
COGTA	Cooperative Governance and Traditional Affairs	EAH	Employer Assisted Housing	HIV	Human Immunodeficiency Virus	JICA	Japan International Cooperation Agency
CTA	Certificate in the Theory of Accountancy	ECD	Early Childhood Development Centres	HCT	Hematocrit	JBMC	Joint Branch Management Committee
DM	Deputy Minister	EC	Eastern Cape	HDA	Housing Development Agency	KZN	KwaZulu-Natal
DANIDA	Danish International Development Agency	EHW	Employee Health and Wellness	HLAMDA	Home Loans and Mortgage Disclosure Act	KRA	Key Result Area



M&E	Monitoring and Evaluation	NTT	National Transport Forum	RMC	Risk management Committee	SHP	Social Housing Policy
MEIA	Monitoring, Evaluation and Impact Assessment	NUA	New Urban Agenda	RHLF	Rural Housing Loan Fund	SITA	State Information Technology Agency
MinMec	Minister and Members of Executive Committee	NW	North West	RZ	Restructuring zones	SIP	Strategic Integrated Projects
MSP	Master Spatial Plan	OECD	Organisation Economic Cooperation Development	RDP	Reconstruction and Development Programme	SIU	Special Investigation Unit
MTEF	Medium Term Expenditure Framework	OHS	Occupational Health and Safety	SA	South Africa	SLA	Service Level Agreements
MTSF	Medium Term Strategic Framework	OPSCAP	Operation Capital Subsidy Programme	SALGA	South African Local Government Association	SMS	Senior Managent Services
MPAT	Management Performance Assessment Tool	PAIA	Promotion of Access to Information Act	SAPS	South African Police Services	SOP	Standard Operating Procedures
MHSCG	Municipal Human Settlements Capacity Grant	PIE	Prevention of Illegal Eviction	SACTSP	South Africa-Cuba Technical Support Programme	SQL	Structured Query Language
NARS	National Archives and Records Services	PFMA	Public Finance Management Act	SANSA	South African National Space Agency	SPLUMA	Spatial Planning and Land Use Management Act, 2013
NCOP	National Council of Provinces	PLM	Project Level Monitoring	SARS	South African Revenue Services	SPCHD	Social Protection Community & Human Development
NDP	National Development Plan	PHP	People's Housing Process	SANMVA	South African National Military Veterans Association	STSM	Sectional Title Scheme Management
NDHS	National Department of Human Settlements	PMDS	Performance Management Development System	SCM	Supply Chain Management	TID	Technical Indicator Description
NDMC	National Disaster Management Centre	PSETA	Public Service Sector Education	SCOPA	Standing Committee on Public Accounts	ToR	Terms of reference
NEDLAC	National Economic Development and Labour Council	PPMU	Programme and Project Planning Management Unit	SDIP	Service Delivery Improvement Plan	UAMP	User Asset Management Plan
NHBRC	National Home Builders Registration Council	P&PP	Programme and Project Planning	SDG	Strategic Development Goal	UISP	Upgrading of Informal Settlements Programme
NHFC	National Housing Finance Corporation	PRT	Professional Resource Teams	SDG	Sustainable Development Goals	UN	United Nations
NHNR	National Housing Needs Register	PM & E	Performance Monitoring and Evaluation	SDI	Slum Dwellers International	URP	Urban Renewal Programme
NURCHA	National Urban Reconstruction and Housing Agency	PSCBC	Public Service Co-ordinating Bargaining Council	SHRA	Social Housing Regulatory Authority	USDG	Urban Settlement Development Grant
NUSP	National Upgrade Support Programme	RFQ	Requests for Quotations	SHI	Social Housing Institutions	VLAN	Virtual Local Area Network
						WSP	Workplace Skills Plan



*N Mfeketo, MP
Minister for
Human Settlements*

3. Foreword by the Minister

Human settlements is a basic human right that should be enjoyed by all South Africans and as custodians of this portfolio we have done everything within our powers to deliver on this goal while grappling with the challenge of sluggish economic growth.

We have progressively continued to provide access to adequate housing for our people and we have managed to deliver 370 999 housing units to the deserving members of society, during the current MTSF period. Those who have been on waiting lists were prioritised and targeted to ensure that the rightful beneficiaries gain from the delivery of adequate human settlements. Our performance in this regard amounts to approximately 77% of the total housing opportunities we had earmarked to provide to our citizens in the 2017/2018 financial year. This translates into a total of 135 981 housing opportunities.

In doing all these, we are guided by the National Development Plan (NDP), which aims to transform the space economy and systematically undo the legacy of dysfunctional apartheid spatial planning and its resulting socio-economic inequalities. To this end, we implemented an array of human settlements programmes and projects.

Through the Upgrading of Informal Settlements Programme, 67 548 households were upgraded in partnership with provinces and municipalities, during the review period. Within this programme we have made efforts to provide opportunities to youth and women. Through our Youth Brigade Programme we trained 2 270 young people with the following much needed skills: bricklaying, plumbing, plastering, roofing and carpentry, construction management, electrical wiring and tubing. In addition, we have placed 391 youth brigades trainees in to learnership programmes to curb unemployment and supply the economy with the much-needed technical skills.

I am pleased to state that, 30% of our total Human Settlements Development Grant (HSDG) and Urban Settlements Development Grant (USDG) budget was set aside for women-owned entities whilst a further 10% was meant to serve the youth-owned businesses to address the high rate of youth unemployment.

In 2013 the Inter-Ministerial Committee (IMC) for the Revitalisation of Distressed Mining Communities was established with the aim to implement partnership projects between

government, mining companies, organised labour, the private sector and local communities. The primary objective was amongst others to increase affordable home ownership, intensify the delivery of gap, rental, BNG, social housing opportunities and serviced sites for employer assisted housing. To date, our efforts yielded 4 731 serviced sites and 4 303 units from a combined budget of R1.6 billion.

We remain committed to serve South Africans in ensuring that they have decent human settlements and their needs are met despite the challenging service delivery and organisational environment.

N Mfeketo, MP
Minister for Human Settlements



*Z Kota-Fredericks, MP
Deputy Minister for
Human Settlements*

4. Deputy Minister's Statement

The former Minister of Human Settlements, Hon Lindiwe Sisulu MP, in her 2017 Budget Vote Speech, explained the link between human settlements and nation building in an emerging society. She said, "The provision of decent human settlements is an essential first step towards a solution to address most of our social ills. It is no longer only about a constitutional right, a Freedom Charter directive and the basis for dignity. It is now more than ever about the restoration of normalcy in society" She explained further: "So this is what Human Settlements is about: from cradle to the inevitable grave, every family must be settled in relative dignity, security, and access to opportunities that allow them to realize their full potential and the entire spectrum of that which would take us to a transformed society." To achieve this normalcy in society requires a shift in attitude, thinking and action from the Human Settlement Sector as a whole.

In the year under review, the Department, despite a diminishing resource pool and prolonged economic hardship, continued to provide subsidies to vulnerable groups, including the elderly and people with disabilities. Our programmes on youth and

women empowerment are also yielding positive results. In partnership with the NHBRC, 1 800 youths were trained in various housing construction trades. The challenge, though, is still appropriate placement in order for the programme to be sustainable. One hundred (100) women, involved in a Women Entrepreneur Enterprise Development programme, graduated from the Gordon's Institute of Business Science (GIBS). The Department, in partnership with SAWIC and NHBRC, through the Emerging Contractor Programme, established 27 Women in Construction Co-operatives (140 women). These co-operatives were trained in practical construction management skills with mentorship provided on site, and we shall continue to deliver on this mandate.

In 2016, the third United Nations Conference on Housing and Sustainable Urbanisation (Habitat III), adopted the New Urban Agenda. South African sector stakeholders under the National Forum on Human Settlements and Urban Development contributed very actively in shaping the New Urban Agenda, in line with the National Development Plan and the Integrated Urban Development Framework. These stakeholders are now busy

developing, jointly, a South African Implementation Framework that will ensure that we tackle urbanisation as part of a continuum of urban-rural development, and that acknowledges that human settlement development and urban management are intricately linked to the economic and social development of the country.

A handwritten signature in black ink, appearing to read 'Z Kota'.

Z Kota-Fredericks, MP
Deputy Minister for Human Settlements



*M Tshangana
Director-General of
Human Settlements*

5. Report of the Accounting Officer

The human settlement mandate is premised on the rights guaranteed under section 26 of the Constitution and the Bill of Rights, namely, the right to adequate housing, read in conjunction with section 10, which affirms the right to human dignity, and section 24, which confirms the right to a clean environment that is not harmful to its inhabitants.

Owing to sluggish economic growth and a number of competing national priorities, our allocation from the national fiscus was reduced by R3.5 billion in 2017/2018. Notwithstanding the enormous budget cuts, we took our cue from constitutional imperatives and used our budget allocation of R33 billion to progressively provide access to adequate housing in quality living environments, thereby upholding the inherent right to dignity of our housing beneficiaries.

In pursuit of the objectives set out in Chapter 8 of the National Development Plan (NDP), that is, to transform the space economy and systematically undo the legacy of dysfunctional apartheid spatial planning and its resulting socio-economic inequalities, we implemented an array of human settlements programmes and projects.

A concerted effort was made to provide much-needed opportunities to youth and women. In this regard, we collaborated with the National

Home Builders Registration Council (NHBRC) and other sector partners. Together, we trained 2 270 young people in bricklaying, plumbing, plastering, roofing and carpentry, construction management and electrical wiring and tubing through our Youth Brigade Programme. A further 391 members of our youth brigades were placed in learnership programmes, with the aim of empowering them with the technical skills required in our economy.

Our unwavering support for Small, Medium and Micro-sized Enterprises was demonstrated by the mentoring of 100 women-owned businesses in contractor development, business management and project management. Consistent with the Preferential Procurement Regulations, 2017, of National Treasury, 30% of our total Human Settlements Development Grant (HSDG) and Urban Settlements Development Grant (USDG) budget was set aside for women-owned entities while a further 10% was set aside for youth-owned businesses.

Through the Upgrading of Informal Settlements Programme (UISP), 67 548 households were upgraded in partnership with provinces and municipalities.

We used the Affordable Rental Programme, whose general thrust is to deliver medium to high-rise

buildings for low and middle-income earners, to deliver 3 769 affordable rental housing opportunities throughout the country. The sustained provision of affordable rental opportunities has made an indelible impact in accommodating the housing needs of South Africa's growing middle class.

Significant strides have been made by the Department, the Housing Development Agency (HDA), provincial departments of human settlements and participating municipalities in our bold endeavour to deliver 50 catalytic projects at an unrivalled mega scale. These projects will be characterised by the use of different tenure options, and will promote efficient land use and socio-economic integration. We have ensured that all nine provinces benefit from this unprecedented delivery of human settlements. To this end, we are pleased to report that work has begun in earnest, with some projects already at implementation phase.

In 2013 the Inter-Ministerial Committee (IMC) for the Revitalisation of Distressed Mining Communities was established, with the aim to implement partnership projects between government, mining companies, organised labour, the private sector and local communities. The primary objective was to increase affordable home ownership, intensify the delivery of gap, rental,

Overview of the Financial Results of the Department

Departmental receipts

BNG, social housing opportunities and serviced sites for employer assisted housing. To date, our efforts yielded 4 731 serviced sites and 4 303 units from a combined budget of R1.6 billion.

The Partnership and Support Programme we forged with the Nelson Mandela Bay Metro Municipality and other sector partners in 2015 boosted the institutional capacity of the municipality. Violent service delivery protests have been replaced by a heightened community confidence in the ability of the municipality to deliver world-class essential services, infrastructure and human settlements. This partnership has also been extended to the Buffalo City Metropolitan Municipality and is expected to yield good results.

We have acquired an estimated 3 329 446 hectares of land, of which the majority is in well-located areas that are in close proximity to social and economic hubs. The acquired land parcels will be used to leverage private sector investment and bolster our plans to improve human settlements outputs in the 2019-2024 Medium Term Strategic Framework.

We can boldly assert that through the delivery of sustainable human settlements, we have played a significant role in alleviating poverty, inequality and unemployment.

Departmental receipts are in respect of administrative activities and include commission earned on the payroll withholdings, staff members' car parking, telephone usage refunds, paper recycling, interest and other sundry revenue.

The department does not have a policy on tariffs as it does not render any direct services to the public. There were no free services rendered during the financial year under review. Bad debts amounting to R65 000 were written off during the

year in terms of the Debtors Management Policy of the Department. The following table presents a summary of the departmental receipts for the year under review:

Table 1: Departmental receipts

Departmental receipts	2017/2018			2016/2017		
	Estimate Amount	Actual Amount Collected	(Over)/Under Collection	Estimate 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 licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	210	207	3	207	204	3
Transfers received			-			-
Fines, penalties and forfeits			-			-
Interest, dividends and rent on land	22	53	(31)	12	20	(8)
Sale of capital assets			-			-
Transactions in financial assets and liabilities	220	343	(123)	545	315	230
TOTAL	452	603	(153)	764	539	225

Programme Expenditure

Table 2: Programme Expenditure

Programme Name	2017/2018			2016/2017		
	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	464 069	419 775	44 294	455 459	420 897	34 562
2. Human Settlements Policy, Strategy and Planning	111 253	99 854	11 399	92 275	86 600	5 675
3. Programme Delivery Support	205 119	156 547	48 572	217 685	151 742	65 943
4. Housing Development Finance	32 697 260	32 694 309	2 951	29 930 937	29 927 992	2 945
TOTAL	33 477 701	33 370 485	107 216	30 696 356	30 587 231	109 125

The Department's total expenditure for the period ending 31 March 2018 was R33.3 billion, representing approximately 99.7% of the vote's allocation. The under-spending of R107.2 million translates into 0.3% of the total allocation.

Reasons for under-spending

Programme 1: Administration

The Programme under spent by 9.5% or R44.2 million. The under-spending is attributed to delays in the filling of vacant positions as funding shortages over the MTEF limited the number of positions that could be filled. This also resulted in less equipment being bought than was anticipated. In addition there were delays in the appointment of panels of service providers specialising in Internal

Audit and Governance, risk and compliance management to supplement capacity in the department. Microsoft licensing fees payments processed at year-end were rejected by the systems and were reprocessed in April.

Programme 2: Human Settlements Policy, Strategy and Planning

The under-spending of 10.2% or R11.3 million can be attributed to under-spending on compensation of employees due to delays in the filling of vacant positions. Funding shortages over the MTEF also limited the number of positions that could be filled. A further contributing factor was that the planned printing of the revised Guidelines for Human Settlements Planning Design (Red Book) did not materialise and will only be done in the next financial year.

Programme 3: Programme Delivery Support

The under-spending on current payments can be attributed to the following:

- Vacant positions could not be filled as funding shortages over the MTEF limited the number of positions that could be filled.
- The National Upgrading Support Programme underspent due the late commencement of the procurement process to secure services of a panel of Professional Resource Teams (PRTs). The Department, as an interim measure, approved the use of the Housing Development Agency panel of Professional Resource Teams (PRTs), subject to the Department procuring its own PRTs.

- Delay in finalizing a service level agreement for maintenance of Housing Subsidy System (HSS). Thus SITA provided limited support in relation to HSS which resulted in under spending.

Programme 4: Housing Development Finance

The under-spending on current payments is due to delays in the commencement of a review of tender processes in all provincial departments of Human Settlements. This was due to concerns raised by the Service Provider regarding the contents of the SLA.

Virements and Rollovers

Rollover amounting to R13.4 million was approved for the purchasing of computer network equipment.

Virements during the Adjustment Estimate

Table 3: Virements before adjustment budget

From	To	Amount	Reason
Programme 3: Programme Delivery Support	Programme 1: Administration	R440 000	For the appointment of a service provider to assist with the compilation of the rental housing regulations in line with the Rental Housing Amendment Act to operationalise the Act
Programme 1: Administration	Programme 4: Housing Development Finance	R1.5 million	For the review of the tender system in provinces in human settlement development

Table 4: Virements after adjustment budget

From	To	Amount	Reason
Programme 1: Administration	Programme 2: Human Settlements Policy, Strategy and Planning	R10.3 million	For the Review of Guidelines for Human Settlements Planning and Design (Red Book)
Programme 1: Administration	Programme 2: Human Settlements Policy, Strategy and Planning	R800 000	To fund the shortfall on the membership fees of the UN HABITAT
Programme 3: Programme Delivery Support (National Upgrading Support Programme)	Programme 3: Programme Delivery Support	R15 million	To fund the Human Settlements Housing Summit
Programme 3: Programme Delivery Support	Programme 3: Programme Delivery Support	R3.5 million	To fund the research Chair for Human Settlements Nelson Mandela Metropolitan University
Programme 3: Programme Delivery Support	Programme 1: Administration	R5 million	To fund shortages within the Legal Services and Communication Unit Budgets
Programme 3: Programme Delivery Support	Programme 2: Human Settlements Policy, Strategy and Planning	R6.8 million	To fund cost over-runs experienced in the hosting of the Govan Mbeki awards as well as costs related to the task team dealing with military veterans' housing needs

Fruitless Expenditure

A vehicle was leased for the minister while one had already been procured. Management have strengthened controls in this area to prevent recurrence.

Table 5: Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017/2018 R'000
Vehicles rented for the Executive Authority	None	284
Total		284



Future Plans of the Department

In the previous financial year the department achieved an unqualified audit outcome with an emphasis on the matter of title deeds being reported as transferred by provinces. It is the department's intention to continue improving audit outcomes and sustaining this over multiple reporting periods, supported by effective controls and strong governance.

In addition, the department also intends to:

- Accelerate the planning and implementation of the informal settlements upgrading programme;
- Accelerate the issuing of title deeds;
- Operationalise the Human Settlements Bank;
- Strengthen Human Settlements public entities and position them as a key force in driving the human settlement 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 in relation to human settlement-related disasters;
- Finalise the drafting and promulgation of the following:
 - o Property Practitioners Bill, 2018;
 - o Home Loan and Mortgage Disclosure Amendment Bill, 2018 (HLAMDA);
 - o Housing Consumer Protection Bill, 2017;
 - o Human Settlements Development Bank Bill, 2017;
 - o Human Settlements Bill;
 - o Prevention of Illegal Eviction and Unlawful Occupation Amendment Bill.
- Strengthen the monitoring of grants to ensure that transferred funds are used for intended purposes;
- Provide technical support to other spheres of government, particularly where there is underperformance, before invoking provisions of the Division of Revenue Act.

In improving the quality of the Departmental Human Resource workforce, the Department is

propelling the completion of the Organisational Structure Review and Alignment, including considerations around reducing personnel costs through benchmarking on a Shared Services Model for some of the transversal job categories. The Department will also invest in a 360 degree turnaround initiative for the improvement of people management skills, including conducting a competency assessment and skills audit.

Public Private Partnerships

There were no private public partnerships entered into during the year under review.

Discontinued activities/activities to be discontinued

No discontinued activities during the year under review.

New or proposed activities

There were no new or proposed activities.

Supply Chain Management (SCM)

The Department did not receive any unsolicited bids or proposals during the year under review. The following is in place to prevent irregular expenditure:

- Internal SCM Circulars, SCM processes and systems, including 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 prevent irregular expenditure;
- When invoices are received, they are verified against a check list to establish possible irregular expenditure;
- When irregular expenditure is discovered, it is recorded, investigated and reported to the relevant authority for a formal response.

Challenges experienced in SCM and how they are resolved

The quality of the bid specifications or terms of reference (ToR) were not always in line with acceptable standards;

- Late or non-submission of some projects for incorporation into the procurement plan resulting in late amendments of the procurement plan;
- Inclusion into the procurement plan of items or services which were not budgeted for.



The following actions were taken to resolve challenges

- Workshops held with various units on procurement plans and the budget allocation;
- SCM-related training was provided to officials.

Gifts and Donations received in kind from non-related parties

There were no gifts or donations received from non-related parties.

Exemptions and deviations received from the National Treasury

National Treasury supported a deviation in relation to legal services for the Minister.

Events after the reporting period

There were no events after the reporting period.



M TSHANGANA
Director-General

Date: 31 July 2018

6. 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 throughout the Annual Report are consistent.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by the National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- 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 2018.

Yours faithfully



M S TSHANGANA
Accounting Officer
Department of Human Settlement

Date: 31 July 2018



7. Strategic Overview

Vision

A nation housed in sustainable human settlements

Mission

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

Values

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

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

8. Legislative and other mandates

Acts administered by the Department of Human Settlements are:

- Housing Act, 1997 (Act No. 107 of 1997)
- Prevention of Illegal Eviction Act, 1998 (Act No. 19 of 1998)
- Housing Development Agency, 2008 (Act No. 23 of 2008)
- Social Housing Act, 2008 (Act No.16 of 2008)
- Community Schemes Ombud Service Act, 2011 (Act No.9 of 2011)
- Estate Agency Affairs Act, 1976 (Act No.112 of 1976)
- Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000)
- Housing Consumers Protection Measures Act, 1998 (Act No. 95 of 1998)
- Sectional Titles Scheme Management Act, 2011 (Act No.8 of 2011)
- Rental Housing Act, 1999 (Act No. 50 of 1999)
- Rental Housing Act, 2014 (Act No. 35 of 2014)

The Housing Act (No. 107 of 1997)

The Department carries out its legislative imperatives as set out in the Housing Act, 1997. Section 2 of the Housing Act, 1997 (Act No. 107 of 1997) 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 for the general principles applicable to housing development.

Part 2: Section 3 of the Act outlines the functions of National Government. The functions of the National Department of Human Settlements span across areas of; policy making, performance management, capacity support, communications and outreach, budgeting, planning, programme oversight and fundraising.

Part 1: Section 2 prescribes that (1) National, provincial and local spheres of government must- (a) give priority to the needs of the poor in respect of housing development; (b) consult meaningfully with individuals and communities affected by housing development; (c) ensure that housing development:

In addition, all the three spheres of government must ensure that housing development:

- (i) Provides as wide a choice of housing and tenure options as is reasonably possible;

- (ii) Is economically, fiscally, socially and financially affordable and sustainable;
- (iii) Is based on integrated development planning; and
- (iv) Is administered in a transparent, accountable and equitable manner, and upholds the practice of good governance (Section 2(1) (c).

The Social Housing Act (No. 16 of 2008)

The Social Housing Act according to SHF (2010: 21) is the main piece of legislation for the social housing sector which is established in alignment with both the 1999 Rental Housing Act and 1997 Housing Act. The Social Housing Act is expected to achieve the following objectives as stated by NDoH (2008a: 10) and SHF (2010: 21):

- (i) Establishing and promoting a social housing environment that is sustainable;
- (ii) Establishing the roles of the various spheres of government in social housing;
- (iii) 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; and
- (iv) Providing statutory recognition to Social Housing Institutions (SHIs).



Prevention of Illegal Eviction and Unlawful Occupation of Land Act (No. 19, 1998, Amended)

This Act, which has recent amendments, provides for a fair and reasonable process to evict people who unlawfully occupy land and houses. It is an offence to evict without following the correct process. PIE states that eviction or property repossession on 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

The Act provides for the establishment of a statutory regulatory 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. The implementation of the Act is monitored continuously.

The Rental Housing Act (No. 50 of 1999)

This Act 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 such Tribunals.

Housing Development Agency Act (No. 23 of 2008)

The Housing Development Agency (HDA) was established in terms of this Act to:

- Identify, acquire, hold, develop and release state, privately and communally owned land for residential and community development
- Monitor progress in 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.

National Environment Management Act (No. 107 of 1998 as amended)

To protect ecologically viable areas representative of South Africa's biological diversity and its natural landscapes and seascapes in a system of protected areas. The Act places a responsibility on the Department to adhere to the sustainable development and conservation principles.

Public Finance Management Act (No. 01 of 1999 as amended)

Enables public sector managers to manage and improve accountability in terms of managing the use of public funds. The Act regulates financial management in national and provincial government to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively.

Division of Revenue Act as amended

To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government.

Intergovernmental Relations Framework Act (No. 13 of 2005)

Establishes a framework for National, Provincial and Local Government to promote and facilitate intergovernmental relations and to provide a mechanism and procedure to facilitate the settlement of intergovernmental disputes.

Home Loan and Mortgage Disclosure Act (Act No. 63 of 2000)

The Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities. It requires financial institutions to

disclose information and identifies discriminatory lending patterns.

Sectional Titles Management Act (Act No. 8 of 2011)

The Act provides for the establishment of bodies corporate to manage and regulate sections and common property in sectional titles schemes and for that purpose to apply rules related to such schemes. It further requires the bodies corporate to establish a Sectional Titles Schemes Management Advisory Council.

Community Scheme Ombud Service Act (Act 9 of 2011)

Provides for the establishment of the Community Schemes Ombud Service to provide a dispute resolution mechanism in community schemes.

Spatial Planning and Land Use Management Act, 2013

The 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.



National Development Plan (NDP) Chapter 8

The NDP sets out a human settlements trajectory proposition that, '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 towards breaking apartheid spatial patterns would be achieved. This places a responsibility on the department to ensure that the apartheid geography and the fractured housing and land markets are dealt with.

Policy mandates:

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

South Africa's housing policy framework is rooted in this document. 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 Urban Development Framework

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 to improve the general quality of life of all those living in urban areas.

It gave impetus to the Urban Renewal Programme (URP) in 2001, whose broad outcomes are:

- Revitalisation of the inner city
- Job creation
- Integrated economic development
- Making the inner city safe

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, also called Breaking New Ground (BNG), is government's medium term (ten year) housing policy framework that paves the way for a new approach to sustainable human settlements.

Social Housing Policy for South Africa, 2003

The goal of this policy, 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 that rent accommodation and are from the lower- and medium-income groups.

The most important principles of the Social Housing Policy (SHP) are that social housing must:

- Restructure the urban inner-city by integrating housing development in existing areas

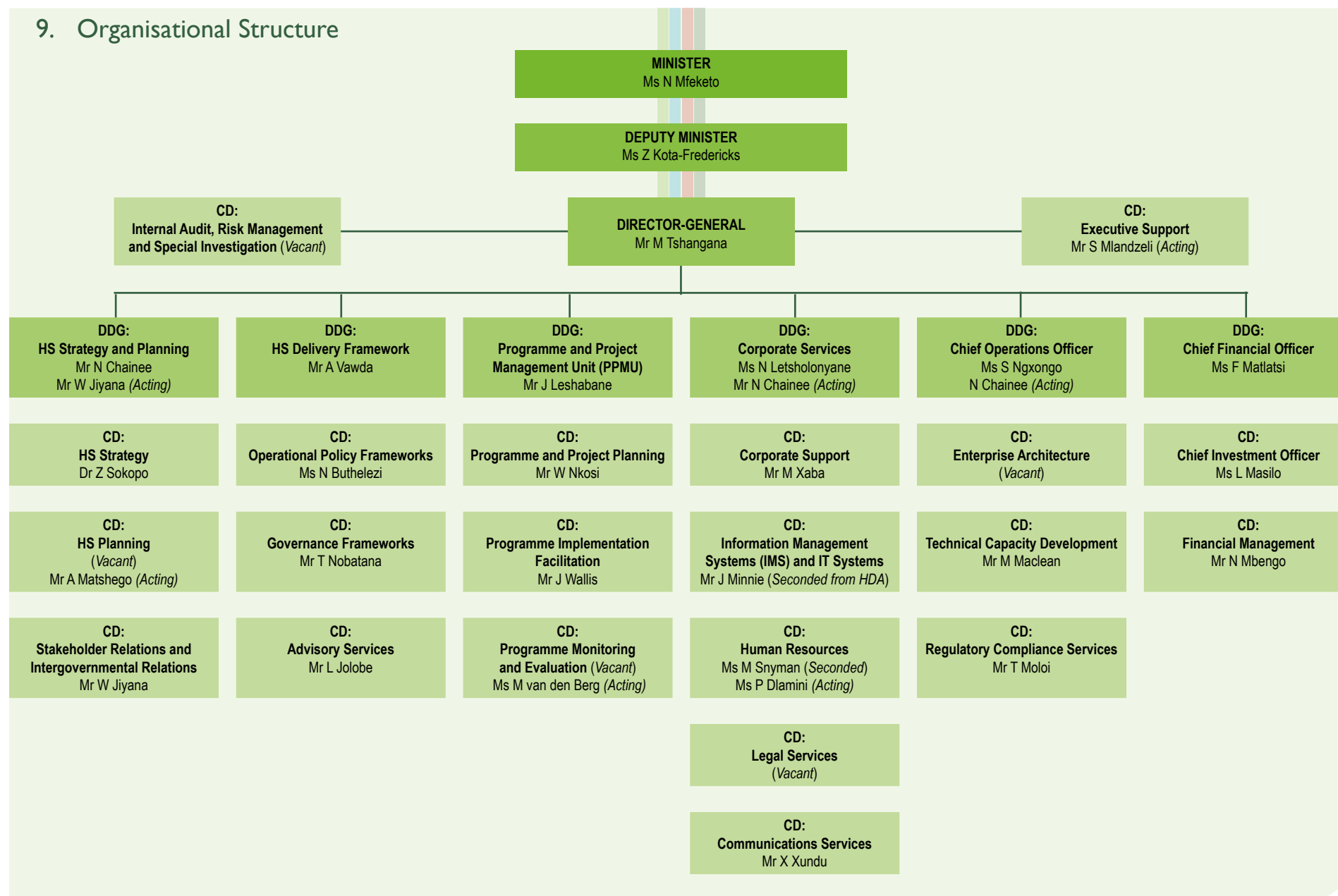
- Respond to local housing demand through the establishment of well-managed, quality rental housing options and quality living environments
- Deliver housing for income groups ranging from the working poor to emerging middle-income groups
- Support the economic development of low- and medium-income communities through the creation of sustainable and workable projects
- Promote safe, harmonious, and socially responsible housing and urban environments
- Encourage the involvement of the private sector as much as possible. Two specific features of the SHP are:
 - Restructuring zones (RZ) whereby geographical areas that offer opportunities for social and economic development are identified in areas within a city.
 - Accreditation of Social Housing Institutions (SHI) that can apply for a government grant

National Housing Code

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.







9. Organisational Structure









10. Entities reporting to the Minister

Public Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<p>Community Schemes Ombud Service (CSOS)</p> 	<p>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.</p>	<p>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 as well as from interest derived from investments.</p>	<p>Regulator</p>
<p>Estate Agency Affairs Board (EAAB)</p> 	<p>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.</p>	<p>The EAAB is empowered in terms of the enabling legislation to raise fees and levies from estate agents.</p>	<p>Regulator</p>
<p>Housing Development Agency (HDA)</p> 	<p>Acquire, hold, develop and release land and landed properties for human settlements development.</p>	<p>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.</p>	<p>Development Implementing Agency</p>
<p>Home Builders Registration Council (NHBRC)</p> 	<p>Provide housing consumers with warranty protection against defects in new homes, and to provide protection against any failure of builders to comply with their obligations in terms of the Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998).</p>	<p>The NHBRC is empowered to raise registration and enrolment fees in terms of the enabling legislation.</p>	<p>Regulator</p>



Public Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<p>National Housing Finance Corporation (NHFC)</p> 	<p>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.</p>	<p>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.</p>	<p>Development Finance Institution</p>
<p>National Urban Reconstruction and Housing Agency (NURCHA)</p> 	<p>To ensure the availability of bridging finance to small, medium and established contractors that build low and moderate-income housing and related community facilities and infrastructure.</p>	<p>The Department provides capital funding to the institution from time to time to expand its lending activities. The institution funds its operations from interest and fees derived from lending activities.</p>	<p>Development Finance Institution</p>
<p>Rural Housing Loan Fund: (RHLF)</p> 	<p>The RHLF is a development finance institution, established in August 1996 as an association not for gain. The company 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 to be utilised for incremental housing purposes.</p>	<p>The Department provides capital funding to the institution from time to time to expand its lending activities. The institution funds its operations from interest derived from lending activities.</p>	<p>Development Finance Institution</p>
<p>Social Housing Regulatory Authority (SHRA)</p> 	<p>Regulate and support the social housing sector in order to accelerate the delivery of sustainable and financially viable social housing projects. It is responsible for the disbursement of institutional investment and capital grants to social housing institutions.</p>	<p>The Department provides the SHRA with operational grant funding, the Institutional Investment Grant and the Restructuring Capital Grant.</p>	<p>Regulator</p>



PART B: PERFORMANCE INFORMATION

I. Report of the Auditor-General on Predetermined Objectives

Refer to page 131



2. Overview of Departmental Performance

2.1 Service Delivery Environment

The service delivery environment for the period was marked by an increase in construction costs, natural disasters, adverse Constitutional Court judgements, service delivery protests and invasion of land and houses. In addition, the service delivery environment was particularly affected by the following:

- **Economic Performance:** The South African economy grew by 1.3% in 2017, exceeding the National Treasury's expectation of 1.0% growth. The strengthening in economic activity over 2017 was partly driven by the agricultural industry, which bounced back from one of the worst droughts in recent history. The economic performance was also boosted by the financial and mining industries which also contributed positively to GDP growth in 2017.
- **Rate of Unemployment:** South Africa's unemployment rate decreased to 26.7% in the fourth quarter of 2017 from 27.7% in the third quarter. The number of unemployed fell by 330 000 to 5.88 million and the number of employed declined by 21 000 to 16.17 million. This created pressure on the sector to find innovative mechanisms to contribute to job creation through the housing and human settlements value chain.

- **Cost of living:** For the year 2017, inflation maintained a downward trajectory. The year started off with CPI at 6.6%, and continued with a downward trend until it reached 4.7% by the end of the year. PPI followed the same downward trend until it reached its lowest in July, with a recording of 3.6%. This translated into the most favourable cost of production rate during the period, after which it started on an upward slope until it reached 5% by the end of the year.
- **Inflation Rates:** Even though inflation rates were on a downward trend, consumer capacity was still constrained, making it difficult to afford housing and for government to provide housing opportunities with the relevant supporting human settlements services. The overall result was that it costed a little more to build a house. These developments together with high prices of essentials like food and clothing for instance does indicate that households will continue to find it more challenging to provide shelter for themselves and therefore will continue to request for some form of assistance from government.



Figure1: CPI/PPI 2017

Some of the above issues triggered the establishment of special interventions in the form of response task teams to address the challenges.

2.2 Service Delivery Improvement Plan

The Service Delivery Improvement Plan (SDIP) is the Department's commitment to its citizens, on the level and quality of service provided by the Department and proposes improvement from the current level of service.

With regard to PILLAR 3 of (SDIP), the Department during the year under review:

- Conducted quarterly sessions under the Batho Pele Change Management Engagement Programme;
- Customized the Batho Pele Change Management Engagement Programme (BPCMEP) to align its principles to the departmental objectives and values.



Service Delivery Improvement and Standards

Main Services	Actual Customers	Potential Customers	Desired Standard of Service	Actual Achievement against Standards
Access to information	Customers	Customers	100% attendance to requests received	100% compliance to Promotion of Access to Information Act (PAIA) provisions. The 2017/2018 Promotion of Access to Information Act (PAIA) Manual was printed in 3 official languages and distributed.
General enquiries	Customers	Customers	100% attendance to enquiries	100% attended to

Consultation Arrangements for Customers

Type of Arrangement	Actual Customers	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 fraud cases investigated and concluded within the prescribed timeframes (90 days)	Approximately 20% of enquiries were resolved by the Departmental call center and 80% was transferred to the SIU and Ombudsman. Out of 33 cases which were received by the SIU, 13 were resolved, 4 were referred as follows: (3) to the SAPS, (1) to the Office of Ombudsman and (1) to the KwaZulu-Natal Provincial Department of Human Settlements; and 16 cases are still in process of investigation.

Complaints Mechanism

Complaint Mechanism	Desired Service	Actual Achievements
Walk-in	Walk-in beneficiaries	100% resolved

2.3 Organisational Environment

Critical SMS posts and posts on levels 2 to 12 were prioritised as critical and filled on a 3 year contract basis.

An Employee Health & Wellness Programme was implemented, as per approved plans, to enhance the wellbeing of employees. Labour relations awareness sessions were conducted to enhance staff understanding their roles and contributing towards a collaborative, productive working environment.

2.4 Key Policy Developments and Legislative Changes

- A revision of the minimum and maximum threshold of the social housing income bands was approved. This now accommodates all beneficiaries who earn between R1500 and R15 000 whilst the subsidy quantum for standalone houses was also adjusted in line with the Building Cost Index of the Bureau for Economic Research.
- New norms and standards for higher-density design houses were also approved, which means that government has to strengthen consumer education, given that the only mechanism for registering ownership of title deeds for such properties is through a sectional title scheme.
- The Department was affected by recent Court judgements on evictions and interpretations of Section 26 of the Constitution, and now fully acknowledges the need to meaningfully consult beneficiaries regarding possible options for resolving the existing housing challenges whilst noting the principle of enjoinder, which continues to be applied in a number of court cases.
- The New Urban Agenda, Strategic Development Goal (SDG) no11 and the World Urban Forum 9 played a critical role in reinforcing the shift from housing to human settlements. This would still require bolder measures that include an analysis of the transactions in the residential property market.
- The Department continued to review its policy programmes to include Cabinet-adopted principles such as universal design, green design and inclusion of Early Childhood Development Centres (ECD) in order to transform human settlements.
- The Red Book was also concluded as a comprehensive guide for planning human settlements in line with the value chain for delivering sustainable human settlements.
- The Department will continue engaging stakeholders as part of its on-going endeavours to reform the majority of the housing and human settlements policy



frameworks in order to craft the housing in human settlements policy framework and the human settlement code. This would indeed include arrangements for phasing out some of the Housing Code programmes that are no longer working well.

Legislative Changes

Legal Services embarked on a number of legislative changes which, *inter alia*, consist of repealing the following legislation: 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 legislative changes on the following pieces of legislation which are being amended, namely the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act 1998(PIE) is going to be amended by PIE Amendment Bill, 2016 and Home Loan and Mortgage Disclosure Act 63 of 2000 is going to be amended by Home Loan and Disclosure Amendment Bill. Further the Department is amalgamating the three (3) DFI's that fall under the Department, which are NURCHA, RHLF and NHFC, to establish the Human Settlements Development Bank through the Human Settlements Development Bank Bill. Lastly, once the Human Settlement policy has been approved, the Housing Act 107 of 1997 is going to be amended towards the Housing in Human Settlement Bill.

3. Strategic outcome-oriented goals

The strategic goals set out in the 2015-2020 strategic plan include:

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

As far as the progress with regards to the implementation of the objectives of Outcome 8 of the Programme of Action is concerned, good progress has been made, especially with regards to the delivery of individual units within the housing subsidy market. At the end of the 2017/2018 financial year, more than 80% of the target has been reached with 370 999 housing units that were delivered. In addition more than 550 000 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, 64% of the target of 10 000 units targeted for Community Residential Units (CRU) and 77% of the target of 25 000 units of private rental have been achieved by 31 March 2018. Although the performance of the Social Housing Programme has proceeded slowly in the past, it is currently increasing and it is expected that although all 27 000 units targeted for 2019 will not be completed, it will be under construction. In order to fast track the eradication of the backlog in the registration of title deeds for beneficiaries of subsidised housing, a special Title Deed Conditional Grant has been implemented on 1 April 2018 to finance this programme. The relevant grant will be allocated to the nine Provincial Human Settlements Departments for this purpose.

It is worth mentioning that the current organisational performance has been affected by unsatisfactory intersectoral collaborations, underperformance by certain provinces, and lack of affordable stock for people earning less than R15 000 per month, mainly relating to the FLISP.

4. Performance information by programme

4.1. Programme 1: Administration

Purpose of the programme

Provide strategic leadership and administrative support services to the department.

Sub-Programmes

- Executive Support
- Internal Audit, Risk Management and Special Investigations
- Financial Management
- Enterprise Architecture
- Corporate Support
- Human Resources
- Legal Services
- Infrastructure Management Services and Information Technology
- Communications



Strategic Objectives Relating to the Programme

The Branch: Corporate Services has the following strategic objectives:

- **The Chief Directorate: Corporate Support** promotes efficient and effective administrative processes
- The purpose of **the Chief Directorate: Human Resources** is to ensure a capacitated and diverse workforce in a conducive working environment
- The purpose of **the Chief Directorate: Legal Services** is to ensure effective and efficient legal support
- **The Chief Directorate: Communications** is tasked with promoting internal and external communication on human settlements
- **The Chief Directorate: MIS & IT** ensures that the ICT infrastructure is reliable, secure and available

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

The Chief Directorate: Corporate Support, achieved all its planned Departmental Corporate Support Programmes as per the Annual Performance and Operational Plans, with 100% provision of Security Services, Facilities Management, Records Management, Library and Information Services.

Notable achievements included:

- 100% achievement of vetting for all identified and prioritized officials and service providers;
- 100% provision of prescribed physical, information and communication security services at all departmental sites;
- 100% provision and maintenance of adequate, conducive and habitable office accommodation as per Departmental Annual UAMP, as revised, approved and submitted to both National Treasury and Dept. of Public Works;
- 100% monitoring of departmental compliance to NARS prescripts for managing current, closed & terminated records, with destruction certificates submitted to National Archives and Records Services;

- 100% 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, as well as developing Departmental Business Processes (BP) and Standard Operating Procedures (SOPs) for APP targets in Programme 2, 3 and 4.

The Chief Directorate: Human Resources was only able to achieve 82% of the Departmental Human Resource Plan (HRP) and Annual Human Resources Implementation Plan targets, towards the provision of required services for Human Resource Administration, Human Resource Development, Organisational Transformation and a healthy Labour Relations environment.

Notable achievements included:

- Reduction of the vacancy rate to 5%, an all-time low in years, due to an initiated aggressive recruitment drive to fill all prioritised vacant and funded posts. Other vacant unfunded posts were frozen, ring-fenced and removed from the organisational establishment;
- First time, conclusion of Annual Performance (EPMDS) moderations for all staff including

SMS & Top Management (DG & DDGs before the end of 2017/2018 financial cycle, including appeals, with all staff qualifying for EPMDS incentives duly paid within the 2017/2018 budget;

- Appointment and placement of 10 unemployed disadvantaged youth (18.2) and 20 employees (18.1 without formal academic entry level qualifications) on a Public Administration Learnership Programme on NQF level 5 which was successfully completed in March 2018;
- Successful establishment of a functional Employment Equity (EE) Committee, alignment of annual EE Plan, with early submission of EE Report to the Department of Labour;
- An increase of staff use of internal and external EHW counselling services and participation in various EHW health promotion interventions;
- Increased awareness of a healthy and conflict-free working environment to 150 employees through HR outreach sessions, on staff rights and obligations, expectations in the workplace; The inability to finalise the Organisational Structure and its alignment to the allocated Compensation of Employees Budget, impacted negatively on several targets, as they were dependant and inter-linked.



During the period under review, the Chief Directorate: Legal Services managed to achieve all of its performance targets, save for drafting the Human Settlements Bill and PIE Amendment Bill.

Notable achievements included:

- Cabinet Committee approval to submit and introduce the Property Practitioners Bill, 2017 to Parliament to address transformation issues in the sector, as one of Government's strategic priorities; subsequently reported on to the National Economic Development and Labour Council (NEDLAC);
- Cabinet approval to submit the Home Loan Mortgage Disclosure Amendment Bill to Parliament, towards strengthening powers of the office of Disclosure to also investigate public complaints emanating from Financial Institutions relating to home loans;
- Obtaining the Memorandum of Objects of both Bills (Property Practitioners Bill and HLAMDA Amendment Bill);
- Obtaining the final draft Human Settlements Development Bank Bill;
- Hosting a Human Settlements Development Bank Bill Consultative Session wherein both the Business Case and the Bill were presented;

- Cabinet was requested to approve the Housing Consumer Protection Bill for publication in the Government Gazette for public comments;
- Obtaining the second draft Rental Regulation, pending conclusion of the policy on the norms and standards in the rental housing space.

The Chief Directorate: Communications provides media services, public information and marketing as well as corporate communication services to the Ministry and Department in line with the overall communications strategy. During the year under review 2017/2018 the following deliverables were achieved.

Notable achievements included:

The Communication Services Chief Directorate implemented the approved communication strategy and conducted a number of public participation campaigns in key priority programmes and projects of the Department. Major events that took place during the 2017/2018 financial year:

- Presidential Launch of the Aloe Ridge (Westgate Grange) Social Housing Project;
- Budget Vote and Post-Budget Stakeholder Breakfast;

- Clayville Housing Project Handover;
- Women in Construction – SAWIC National Conference – 20th Anniversary;
- Westonaria Borwa Human Settlements Project – Housing and Title Deeds Handover;
- National Human Settlements Development Summit;
- SA Cities Urban Conference;
- World Cities Day Commemoration;
- Govan Mbeki Awards & Golf Challenge.

During the 2017/2018 financial year, the Chief Directorate focused on informing and educating consumers, beneficiaries and would-be beneficiaries on human settlements plans, programmes and priority projects through the following communication platforms:

- Breaking New Ground (BNG) Television series on SABC 2 which reached over four million viewers on a monthly basis.
- BNG Human Settlements Sector Quarterly Journal was launched in the beginning of the 2017/2018 financial year. The contributors to the journal vary from industry experts, academics, researchers to government officials at all three spheres for government.

- Human Settlements Sector on Radio – a partnership established with Metro FM and SAFM on any human settlements consumer education topic reaching a total audience of nine million listeners on a weekly basis.
- Consumer Education Information Sessions that were conducted in all nine provinces on the 20 priority projects that were launched in 2004. Over a 1 000 beneficiaries and would-be beneficiaries at a time attended the information sessions which were carried out every two weeks.
- Izimbizo – the Minister and Deputy Minister attended more than twelve (12) community outreach programmes or Izimbizo across all nine provinces during the year under review. Each Imbizo was attended by approximately 1 000 people.
- Airport Digital Advertising Billboards – Over a period of three months at five South African airports namely: O R Tambo International in Johannesburg, King Shaka International in Durban, Cape Town International, East London International and Port Elizabeth International.
- Human Settlements Consumer Education brochures on ten (10) wide-ranging topics were published on hard copy in four of the official languages and uploaded on the Department of Human Settlements website.



- The media activities included the following:-
 - o Profiling human settlements projects through various media platforms
 - o Monitoring and responding to coverage in the media
 - o Profiling human settlements work through opinion pieces
 - o Managing the communication implications of Parliamentary questions

During the reporting period the Chief Directorate: Management Information Systems and Information Technology Systems achieved all the agreed annual targets for provision of Departmental IT support as well as making the HSS Database systems available to provincial departments.

Notable achievements included:

An average of 96% availability of HSS Database systems to provincial departments was maintained against the APP target of 90%, with:

- Enabling other Departmental units to draw reports on a project level to determine actual expenditure and delivery related to various areas of responsibility, including to users

during overtime and on weekends to ensure that households are able to register their need for adequate shelter;

- Maintaining credibility of databases through change control directives with change requests successfully deployed to the live environment;

- Development of several new application prototypes, including:

- o Enabling military veterans to check their registration status and register;
- o Enabling Nelson Mandela Bay Metropolitan Council citizens to register their need for adequate shelter (NHNR 4 Citizens);
- o A new Title Deed Restoration Template aligned with new grant requirements;
- o New Business Plan Templates used by nine provincial departments for financial year planning & regular updating of HSS related content;

- Enhanced NHNR to send respondents SMSs to acknowledge registration of their housing needs;

- Release of new reports for ease of access to captured information to assist with more efficient administration processes;

- Upgrade of databases to SQL 2014;
- Implementation of improved claims classification process and reporting on Work In Progress;

- 93 Training sessions conducted for provincial system users that maintain credibility of databases;

- 614 logged service requests resolved and 678 deletion requests handled, thus assisting provinces to improve their use of database systems and positively influence reporting on expenditure and delivery information;

- An average of 85% availability of IT Support Services to the department was achieved against the APP target of 90%. This is due to unplanned excessive downtime from the service provider;

- Successful provision of a security encryption solution to the ministerial office to eliminate unauthorised access to information, should equipment be lost;

- Successful implementation of Internal Audit finding on password complexity control as well as addressing Internal Audit findings on environmental variables (UPS, Aircon, Fire Suppression and Server Rooms Access Control);

- Increased size of incoming and outgoing email attachments from 5MB to 12MB to improve efficiency and productivity;

- Successful completion of several projects including the WiFi implementation project; deployment of an Automated Leave System; and enhanced document tracking system (DOT) and provided support and maintenance.

Special Investigations Unit

During the year under review, the department implemented an extensive anti-fraud and corruption awareness programme. Emerging risks were identified and the department's fraud risks were updated in order to strengthen preventative and detective controls such that no officials were implicated in cases of corruption in 2017/2018. The e-Disclosure system was maintained for declaration of interests by all employees as well, in particular, senior managers.



Departmental 2017/2018 Annual Report as per approved Strategic and Annual Performance Plans

Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 1:	ADMINISTRATION						
Sub-programmes:	Executive Support, Internal Audit, Risk Management and Special Investigations, Financial Management and Enterprise Architecture						
Strategic objective:	To promote efficient and effective administrative processes						
Percentage compliance with statutory tabling and prescripts	New target	New target	<p>The Department complied with statutory tabling and prescripts. This includes:</p> <ul style="list-style-type: none"> 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	<p>100% compliance with statutory tabling and prescripts</p> <p>Quarterly performance reports (Preliminary and Actual)</p> <p>Annual Report 2016/2017 tabled</p> <p>Approved 2018/2019 APP tabled</p> <p>Interim Financial Statements</p> <p>Estimate of National Expenditure (ENE)</p> <p>Departmental Procurement plans</p>	None	None



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 1:	ADMINISTRATION						
Sub-programmes:	Executive Support, Internal Audit, Risk Management and Special Investigations, Financial Management and Enterprise Architecture						
Strategic objective:	To promote efficient and effective administrative processes						
Percentage of valid invoices paid within 30 days	New target	New target	New target	100% of valid invoices paid within 30 days	95.6% of valid invoices paid within 30 days	4.4% of invoices for the 2017/2018 financial year paid after 30 days	Unresolved invoice discrepancies, delays in submission of invoices; system errors in respect of processing transactions successfully Staff was again reminded by means of supply chain circulars to submit invoices on time. Suppliers were requested to submit invoices to the Supply Chain Management by means of a stamp on each order placed
Unqualified audit report with no matters of emphasis	New target	New target	Unqualified audit report with matters of emphasis	Unqualified audit report 2016/2017 with no matters of emphasis	Unqualified 2016/2017 Audit Report with matter of emphasis on financial information and material findings on predetermined objectives	No matters of emphasis	Tighter controls will be established and supported by proper systems and processes to collate and verify financial and performance information



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 1:	ADMINISTRATION						
Sub-programme:	Executive Support						
Strategic objective:	To promote efficient and effective administrative processes						
Percentage adherence to the schedules of Parliament, Cabinet, FOSAD and Management Structures	Supporting documents on parliamentary and Cabinet liaison	New target	All Cabinet and Cluster schedules were adhered to as planned (100%)	100% adherence to the schedules of Parliament, Cabinet, FOSAD and Management Structures	100% adherence to the schedules of Parliament, Cabinet, FOSAD and Management Structures	None	None
Sub-programme:	Internal Audit, Risk Management and Special Investigating Unit						
Strategic objective:	To promote efficient and effective administrative processes						
Percentage implementation of the approved internal audit plan	The approved internal audit coverage plan has not been fully implemented. *22 out of 34 planned audits were completed	The internal audit plan was reviewed, approved and implemented	73% of the annual audit plan was implemented	100% implementation of the approved internal audit plan	81% implementation of the approved internal audit plan	19%	Capacity constraints (Staff and delayed appointment of Service providers) Reprioritisation of management requests Rollover of non-completed audits to 2018/2019 Internal audit panel of service providers to supplement internal capacity and ensure completion of operational plan
Percentage Implementation of the approved Risk Management Plan	The approved risk management strategy was not fully implemented	The approved risk management strategy was not fully implemented	88% of the approved risk management plan was implemented	100% implementation of the approved risk management plan	97% implementation of the approved risk management plan	3% A Risk Management awareness session	Efficacy of risk management to be increased through improvement of quality of mitigation plans Incomplete plans to be rolled over to 2018/2019



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 1:	ADMINISTRATION						
Sub-programme:	Internal Audit, Risk Management and Special Investigating Unit (continued)						
Strategic objective:	To promote efficient and effective administrative processes						
Percentage implementation of approved anti-fraud and corruption	The anti-fraud and corruption policy, whistleblowing policy and fraud prevention plans were approved on 26 March 2015. These documents will inform the strategy of the Department that is yet to be developed	The anti-fraud and corruption policy, whistleblowing and fraud prevention plan were approved on 26 March 2016	68% of the plan implemented	100% implementation of the approved Departmental anti-fraud and corruption plan	61% implementation of the approved Departmental anti-fraud and corruption plan	39%	None No investigations performed since there were no officials and third parties implicated in any alleged acts of fraud and corruption The reasons are due to the effectiveness of steps being taken to eradicate fraud and corruption
Sub-programme:	Corporate Support						
Strategic objective:	A capacitated and diverse workforce in a conducive working environment						
Percentage compliance to Promotion of Access to Information Act (PAIA) provisions	New target	New target	100% PAIA information requests processed	100% compliance to Promotion of Access to Information Act (PAIA) provisions	100% compliance to Promotion of Access to Information Act (PAIA) provisions	None	None



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 1:	ADMINISTRATION						
Sub-programme:	Human Resources						
Strategic objective:	A capacitated and diverse workforce in a conducive working environment						
Percentage implementation of the HR Plan	Four (4) reports on human resource administration submitted	New target	87% of the human resource plan implemented	100% Implementation of the HR Plan	82% Implementation of the HR Plan	18%	The following activities were not completed by the end of financial year: <ul style="list-style-type: none"> • Secondment policy • Uploading of the approved organisational structure on the PERSAL system • Development of the implementation plan on the outcomes of the competency assessments and skills audit • Implementation of the BPCMEP • EE Plan 2018/2021 (Approved only in April)
Sub-programme:	Legal Services						
Strategic objective:	Effective and efficient legal support						
Percentage of received litigation matters attended to	Four (4) reports on litigation and legal advisory services provided	Four (4) reports on litigation and legal advisory services provided	All litigation matters received were attended to as planned	100% of received litigation matters attended to	100% of received litigation matters attended to	None	None
Percentage of contracts processed within reasonable time frames	Four (4) reports on contract management in the Department	New target	All contracts were processed within reasonable timeframe	100% of contracts processed within reasonable timeframe	100% of contracts processed within reasonable timeframe	None	None



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 1:	ADMINISTRATION						
Sub-programme:	Legal Services (continued)						
Strategic objective:	Effective and efficient legal support						
Comprehensive human settlements legislation developed	Developed legislative programme	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: <ul style="list-style-type: none"> • 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) <ul style="list-style-type: none"> 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 	A comprehensive human settlements legislation developed (as per APP) <ul style="list-style-type: none"> 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 	None	None



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 1:	ADMINISTRATION						
Sub-programme:	MIS & IT						
Strategic objective:	An ICT infrastructure that is reliable, secure and available						
Percentage availability of the HSS database systems to provinces	New Target	New Target	99% of systems available to provinces	90% availability of HSS Database Systems to provinces	96% availability of HSS Database Systems to provinces	6%	The average availability for the year was 96% due to proactive actions
Percentage availability of IT support services	New Target	New Target	90% availability of IT services	90% availability of IT support services	85% availability of IT support services	5%	This is due to the service provider not meeting the requirements of the SLA – Remedies include improving accountability of the service provider in any future agreements and penalties
Sub-programme:	Communications						
Strategic objective:	Promote internal and external communication on human settlements						
Percentage implementation of the approved communication strategy	Four reports on the implementation of corporate communication, media services and public information and marketing strategy	100% implementation of the approved communication strategy achieved	100% implementation of the approved communication strategy achieved	100% implementation of the approved communication strategy	100% implementation of the approved communication strategy	None	None

Strategy to overcome areas of underperformance: Noted above

Changes to planned targets: None

No planned targets for the financial year were changed during the reporting period.



Linking Performance with Budgets

Sub-Programme Name	2017/2018			2016/2017		
	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	81 418	73 924	7 494	69 051	75 621	(6 570)
Departmental Management	65 287	54 544	10 743	81 561	63 882	17 679
Corporate Services	213 078	191 162	21 919	209 289	189 215	20 074
Property Management	48 564	48 086	478	47 125	47 093	32
Financial Management	55 722	52 059	3 663	48 433	45 086	3 347
Total	464 069	419 775	44 297	455 459	420 897	34 562

4.2. Programme 2: Human Settlements Policy, Strategy and Planning

Purpose of the Programme

The purpose of the programme is to manage the development of Human Settlements Policies and oversee the integrated human settlements strategic and planning services.

Sub-Programmes

- Operational Policy Frameworks
- Governance Frameworks
- Human Settlements Strategy
- Human Settlements Planning
- Stakeholder and Intergovernmental Relations

Strategic objectives relating to the Programme

- Develop evidenced-based policies and programmes
- Enforce compliance with policies and programmes
- Improved support and capacity for the human settlements sector
- Establishment and strengthening of partnerships for human settlements development

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

During the period under review the branch achieved the following:

Operational Policy Frameworks

- It revised and or crafted a number of policies which were subsequently approved by the Human Settlements MinMec Forum. The list includes the policy changes in income bands for the social housing programme, the increase in restructuring the grant quantum for the social housing programme, the disaster risk plan for human settlements as a requirement in terms of the Disaster Management Act of 2002, the revised subsidy quantum for the standalone residential subsidised houses, the higher density designs for subsidised houses to be allocated to qualifying beneficiaries that earn below R3500, the use of 3% of the Urban Settlement Development Grant (USDG) for capacity building purposes and the Human Settlement Development Bank Policy.

- In addition to the above approvals, the Department also crafted macro policy frameworks which served as foundations for the following key policies and legislation, which were also taken through the Socio Economic Assessment System (SEIAS) and supported by the Department of Planning, Monitoring and Evaluation. The list includes the programme for people with special housing needs, the prevention of illegal eviction and occupation policy framework, the draft Human Settlement Policy Framework and the consumer Protection Measures Policy Framework.
- The Department also revised a majority of the programmes in the 2009 version of the Housing Code as part of phase one of developing the Human Settlement Code. These revised programmes were presented at a national policy, research and strategy



task team and supported. Phase one comprised of the following: the Integrated Residential Development Programme (IRDP), the Upgrading of Informal Settlements Programme (UISP), the Housing Chapters of the IDP, the Peoples' Housing Process (PHP), the Programme for Socio Economic Amenities, the Social Housing Programme, the Individual Housing Programme, the Rural Housing Programme, the Finance-Linked Individual Subsidy Programme (FLISP) and the Operation Capital Subsidy Programme (OPSCAP).

- The Department also undertook investigations into the emergency housing assistance programme and the norms and standards for rental which could not be concluded during the year. These will enable implementation of the Rental Amendment Act and address emergency housing challenges that are linked to evictions in the cities. This work will be carried into the 2018/2019 financial year.
- The Department also assessed four out of nine targeted municipalities for accreditation. The Balance of five could not be achieved due to a non-responsive tender process. The target will be carried into the new financial year.

Governance Frameworks

During the period under review, the branch concluded the following research:

- **Radical Economic Transformation in Human Settlements:**

The large construction enterprises dominate the awarding of contracts due to economies of scale and scope in this price-driven industry which then creates challenges and barriers to entry in the construction sector and limited participation by the designated groups. An evaluation of the effectiveness and efficiency of the empowerment frameworks of the Department and the gap analysis in the design and implementation of the frameworks was done and had revealed many weaknesses. It concluded that to achieve radical economic empowerment there must be continuous analysis and clear targets promoting designated groupings and the sector must introduce clear guidelines on the implementation of set-asides that will deal with the fragmentation in the current empowerment frameworks. This must be supported by a capacity support programme to fully assist the new entrants to implement their contractual agreements on their own. There must be clear sanctions applied to those empowerment companies that sell their contracts to other players due to capacity constraints.

- **Asbestos costing:** The Department conducted a costing exercise on asbestos removal, which concluded that a policy for the removal, transportation and replacement of the asbestos roofing in provinces does not require a specific subsidy. This is due to the fact that the cost of removing, transporting and disposing asbestos roofing constitute a % of the new subsidy for the top structure. In cases where asbestos was integrated into walls, additional funding will be required to treat the walls.
- **Proposal on how to address apartheid spatial patterns:** The following highlights emanated from this research: There is a need to increase the participation of key government departments in confronting the persistence of apartheid spatial patterns. The state has to intervene through the expropriation of suitable land parcels from private owners and state corporations for development. The transformation of towns and cities into inclusive social organisations has to be imposed by the state.
- **Functionality of the residential property market:** Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage points to 3.9%. The labour force declined by 351 000 persons in the fourth quarter of 2017. This resulted in a decline in the unemployment rate by 1.0

percentage points to 26.7%. The high level of unemployment means people will still be dependent on State assistance programmes. For the Department of Human Settlements it means more people will require housing assistance and this will add more pressure on the already existing backlog. A majority of mortgages granted for 2017 remained in favour of individuals with a gross monthly income greater than R15 000. This still shows that individuals earning between R3 501 and R15 000 would still require assistance from government. Relatively high interest rates also place an additional burden on mortgage holders. Increasing land cost is also expected to continue to contribute significantly to the costs of housing development. This means that more funding will be required to ensure that the level of housing development is not affected.

Policy Compliance

During the financial year of 2017/2018, a total of 145 projects in all nine (9) provinces were assessed for compliance with the Housing Code when implementing projects. The majority of provinces were found to generally adhere to the housing specifications prescribed in the norms and standards in the Housing Code, but they were not fully compliant with the guidelines. The following gaps were identified: delays in issuing title deeds and conducting consumer education among



beneficiaries, failure to pay contractors on time which also causes delays in construction of houses and meeting targets, especially in the Eastern Cape, Gauteng and KwaZulu-Natal. Overall the project implementers and building contractors complained about the increase in building costs and recommended that the subsidy quantum should be increased every year. There are still challenges in ensuring access to basic services (i.e. water, electricity connection by Eskom and bulk services).

Human settlements strategy and planning

Purpose of the programme

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

The Chief Directorate Stakeholder and Inter-Governmental Relations Coordination is a sub-programme of the Branch Strategy and Planning. The CD manages the department's intergovernmental and sector relations and cooperation for human settlements development.

Service delivery objectives

The key deliverables of the Chief Directorate: Stakeholder and Inter-Governmental Relations Coordination are:

- Manage the coordination of the People's Housing Process (PHP) in sustainable human settlements.
- Manage the coordination of Stakeholder and Inter-Governmental Coordination for the creation of sustainable human settlements.
- Manage the coordination of International Relations for the creation of sustainable human settlements.

People's Housing Process (PHP) and community-driven initiatives

Purpose of the programme

To provide implementation and delivery support, build capacity, liaise and communicate with stakeholders for housing and human settlement programmes. The following has been achieved during the period under review:

- **Promote and support the upgrading of informal settlements and rural housing through PHP in five (5) provinces**
Supported eight (8) provinces namely North West, KwaZulu-Natal, Western Cape, Gauteng, Limpopo, Mpumalanga, Free State and Eastern Cape and five (5) metros in the delivery of 6 277 PHP units.

- **Supported the upgrading of informal settlements and delivery of rural housing through PHP**

Supported three (3) provinces namely Western Cape, Gauteng and Eastern Cape, in upgrading of informal settlements and delivery of the rural housing programme through PHP.

- **Support to community-based cooperatives and self-built housing**

Supported the Eastern Cape in the establishment of six (6) construction cooperatives to build two-hundred and sixty PHP units in Walmer, and facilitated the Cooperatives Incentive Scheme and market access for ten (10) cooperatives in the Free State.

- **Support the delivery of housing to Military Veterans**

Supported provinces in the delivery of 439 military veterans' units.

Stakeholder mobilisation

The annual target is 40 partnerships, mobilised towards human settlements development. The following has been achieved during the period under review:

- **Coordinated Govan Mbeki Awards forums towards the implementation of the provincial awards and delivery of the national awards**

Coordinated GMA workshops with nine (9) provinces in order to capacitate the provinces on the Govan Mbeki Awards implementation process. Subsequently, Provincial Departments were supported during the Provincial Govan Mbeki Awards to recognize stakeholders participating towards human settlements development. In addition, the Govan Mbeki national awards were successfully delivered. Approximately 54 contractors, developers, provincial departments and municipalities were awarded and recognized for good performance.

- **One-on-one engagements with the stakeholders, negotiate and secure sponsorship for human settlements development**

Mobilised stakeholders to commit, partner and sponsor incentives (vouchers) for awards, furniture, building of houses, building the perimeter wall, tiling the house, fitting burglar bars, landscaping, paving the yard to the value of R698 385, for the destitute families. This sponsorship improved the living conditions of 52 households.

- **Coordinated and mobilised stakeholders for Human Settlements Development**

- o **Military Veterans Housing Dialogue:**
The Minister of Human Settlements in partnership with the Deputy Minister



of Military Veterans hosted a National Military Veterans Dialogue which was attended by 600 members. The purpose of the dialogue was to engage on the implementation of the Military Veterans Housing Programme throughout the country.

o **Human Settlements Developers Forum:**

The Department hosted a forum with developers and contractors to address concerns affecting the delivery of human settlements including the management of timeframes and specifications to deliver at scale.

o **Property Practitioners Bill, 2016 and Home Loan Mortgage Disclosure Amendment Bill, 2016:**

Conducted public information sessions on the Property Practitioners Bill, 2016 and Home Loan Mortgage Disclosure Amendment Bill, 2016, in all the provinces.

o **Human Settlements Development Summit:**

The Department hosted the Human Settlements Summit and it was attended by 700 participants including representatives from State-Owned entities, Private Sector, non-governmental organisations, Civil Society, politicians and officials from the three spheres of government to critically assess the

delivery of integrated sustainable human settlements.

o **World Urban Cities:**

The Sector met with international stakeholders to advance discussions on a sustainable development agenda within the context of Sustainable Development Goals (SDGs), the New Urban Agenda (NUA), the National Development Plan (NDP) and the Integrated Urban Development Framework (IUDF). About 270 delegates attended the event.

o **National Human Settlements Conference on alternative technologies:**

Platforms for knowledge exchange were created on different alternative technologies and the Research Chair for Human Settlements was launched at the Mangosuthu University of Technology. The conference was attended by 874 delegates.

o **Human Settlements Development Bank:**

A consultation session was held to mobilise funds for the human settlement sector, with the aim of optimising government grant funding, wholesale and investment, by effectively leveraging private sector to achieve scaled developmental impact. One hundred

Government stakeholders were consulted.

• **Coordinated the following Presidential, Ministerial and the Departmental outreach initiatives**

- o Coordinated Presidential Aloe Ridge Westgate Grange Project Launch and community engagement in KwaZulu-Natal Province, Pietermaritzburg.
- o Participated and coordinated human settlements component of the Presidential Siyahlola monitoring visit and community engagement in Eastern Cape Province, Lusikisiki.
- o Coordinated and supported ministerial Mandela Day celebration activities and community engagement in Eastern Cape Province, Port Elizabeth-Chatty 491.
- o Departmental celebration of the delivery of 2 000 housing units and community engagement in Joe Slovo West and the Zанemvula Human Settlements project in the Eastern Cape Province.

• **Coordinated rapid responses to matters of concern or petitions by the following stakeholders/members of the community**

- o Concerns by the community of Etwatwa in Barcelona within Ekurhuleni Metropolitan Municipality in Gauteng Province.

- o Concerns by the Gauteng Housing Crisis Committee (GHCC) representing various communities in Gauteng Province.
- o The concerned sub-contractors of the Orlando West Hostel Redevelopment programme in Gauteng Province.
- o Request to assist communities under the Amandebele-a-Moetlane Traditional authority in Gauteng Province.
- o Concerns by various communities under the City of Cape Town affiliated to Habitat Commune in Western Cape Province.
- o Concerns by the community of Thokoza, Katlehong & Mphilisweni in Ekurhuleni Metropolitan Municipality in Gauteng Province.
- o Evictions of the tenants of the Howell Road Social Housing Project in KwaZulu-Natal Province.
- o Concerns by various communities in the South of the City of Johannesburg in Gauteng Province.
- o Concerns by the community of De Doorns in the Western Cape Province.
- o Marikana Integrated Human Settlements Development Project intervention in North West Province.



Stakeholder and IGR coordination

Human Settlements Inter-governmental and Multi-Sector Planning and Budget Forum

During the 2017/2018 financial year, convened four Human Settlements Intergovernmental and Multi-Sector Planning and Budget Forum meetings as scheduled. The purpose of these meetings was to analyse both the financial and non-financial performance of Human Settlements Entities, metropolitan municipalities and provincial departments of Human Settlements against targets set in the approved business plans. It also aimed to align the planning and budgeting process between government departments which are responsible for the provision of concurrent public services. During the second and third quarter, HSDG and TDRG business plans were analysed and approved for implementation during the 2018/2019 financial year.

FOSAD Cluster Coordination

Facilitated the department's participation in the FOSAD cluster for the 2017/2018 financial year. The following Bills were also processed through the formal cluster processes; Housing Consumer Protection Bill, and the Master Spatial Plan. Quality Assurances was also performed on all documentation tabled in various clusters.

Forums supported

- **Back to Basics Forum:** Participated at Back to Basics forum meetings for the 2017/2018 financial year.
- **Parliamentary Committees Management Services:** supported Portfolio Committee on Human Settlements during oversight visits in Mpumalanga and North West, as well as oversight visits to the Human Settlements Entities and the City of Johannesburg Metropolitan Municipality, as well as coordinating the Portfolio Committee on Human Settlements Legislative and Policy Workshop, held on 28 and 29 March 2018.
- **Disaster Management:** Formed part of the Houtbay Fires IGR Steering Committee and supported the National Disaster Management Advisory Forums that aim to provide a mechanism for relevant role players to consult one another and to coordinate their actions on matters relating to disaster management (Section 5 (3) of the Disaster Management Act, 2002).
- **Joint Coordinating Committee (JCC):** Coordinated the Department's participation at the JCC forum meetings held on a quarterly basis for the 2017/2018 financial year. The JCC was established in terms of the Delivery Agreement signed by the Ministers of Human Settlements, Public Works, Rural Development and Land Reform as well as Public Enterprises.
- **National Transport Forum (NTT):** Facilitated the department's participation at the National Transport Forum. The NTT is convened on a quarterly basis as per the approved schedule for the 2017/2018. The Forum gives the three spheres of government the opportunity to deliver a pro-national growth agenda for transport in the short, medium to long term.
- **Inter-Governmental Task Team on Pomfret (IGTT):** Participated at the IGTT on Pomfret meetings scheduled for the 2017/2018 financial year. The IGTT meetings were convened on a quarterly basis. The IGTT on was established to discuss issues pertaining to the failed relocation and asbestos contamination that adversely affects the safety of the community of Pomfret.
- **Formalised partnership agreements reached on outputs for sectoral alignment:** Coordinated and facilitated the meetings with the following sector departments during the financial period 2017/2018. The purpose of these meetings was to discuss issues pertaining to the Delivery Agreement on Sustainable Human Settlements and improved quality of household life between DHS and other sector departments.

- **Expanded Public Works Programme Forum:** Coordinated and facilitated the meetings of the Expanded Public Works Programme Forum meetings for the 2017/2018 financial year. The meetings were convened on a quarterly basis. The purpose of the forum is to discuss issues pertaining to the EPWP upscaling, utilising Human Settlements projects and the active participation of youth in housing delivery and the strategy to position young people on the forefront of the implementation of the EPWP.



International Relations

Purpose

The International Relations unit is responsible for the management of international co-operation and knowledge exchange/benchmarking on behalf of the Department of Human Settlements. For the period under review, the department committed to servicing six initiatives in international cooperation aligned to human settlements priorities. This report highlights six international cooperation initiatives undertaken within this period, progress towards implementing the New Urban Agenda and creating transformed human settlements in South Africa:

- (i) Contributions to the human settlements dimension of South Africa's engagement with the United Nations.
- (ii) Contributions to the human settlements dimension of South Africa's engagement in the African Union.
- (iii) Contributions to the human settlements dimension of South Africa's relationships with other countries in accordance with South Africa's foreign policy, led by the Department of International Relations and Cooperation.
- (iv) Stakeholder engagement on key international human settlements dialogues and commitments.

- (v) International cooperation agreements, cooperation arrangements, or work plans.
- (vi) Knowledge exchange through attending or arranging conferences, workshops or study visits.

Contributions to the human settlements dimension of the South Africa's engagement with the United Nations

The Department of Human Settlements is the lead Department for matters falling under the auspices of UN-HABITAT and therefore has the responsibility for coordinating South Africa's participation in all UN-HABITAT related activities. In the period under review, the Department of Human Settlements led South Africa's engagement globally on issues pertaining to human settlements and urbanisation, including the future functioning of UN-HABITAT, and local, national, sub-regional, and regional implementation of the New Urban Agenda.

- Participated in the 26th Session of the Governing Council to decide on the work programme and budget, revised strategy, and global norms and commitments to ensure the future functioning of UN-HABITAT towards the implementation of the New Urban Agenda;
- Co-ordinated and compiled the South African in out in consultation with DIRCO, SALGA and COGTA towards the African Common Position

on the assessment of UN-HABITAT to the High-level Panel under the auspices of the United Nations Secretary General;

- Coordinated the hosting of the first national observance of World Cities Day in partnership with EThekweni, DCOG, and SALGA;
- Led South Africa's participation in the 9th Session of the World Urban Forum under the theme: "Cities 2030, Cities for All: Implementing the New Urban Agenda";
- Produced the publication entitled: "Leading Change: Using the IGUTP to implement the NUA" in partnership with UN-HABITAT and SALGA. The support of this publication was in order to create a knowledge product by leading international planning experts on planning <https://unhabitat.org/books/leading-change-delivering-the-new-urban-agenda-through-urban-and-territorial-planning>.

Contributions to the human settlements dimension of South Africa's engagement in the African Union

- The African Union in its Agenda 2063 has recognized human settlements and urban development as important transformative forces under the Specialised Technical Committee unit of the African Union Commission of the Ministers of housing

and urban development charged with the policy and prioritisation of these matters. The Department provided support for the African Union Regional Meeting held to discuss the African Harmonized Framework for the Implementation of the New Urban Agenda, in alignment to Agenda 2063.

Contributions to the human settlements dimension of South Africa's relationships with other countries in accordance with South Africa's foreign policy, led by the department of international relations and cooperation

- **Cooperation between India, Brazil and South Africa, IBSA:**
Participated in engagements with counterparts from India and Brazil, facilitated by UN-HABITAT to share initiatives and priorities for collaboration in view of the international commitment on the New Urban Agenda. The Department committed to hosting a Technical Workshop in January 2018 in South Africa in order to resuscitate and deepen cooperation.
- **Cooperation initiative with Malaysia/official visit:**
Engaged with the Government of Malaysia in order to strengthen the relationship between these two strategic countries and advance the cooperation in the area of human settlements. The Department undertook an official visit to Malaysia to engage with various stakeholders



in Malaysia to promote South Africa as an attractive country for investment in the Human Settlements sector, and to study Malaysia's approach to capacity building of the sector.

- **Cooperation with the German Development Agency (GIZ) on a publication on urban safety through informal settlements upgrading:**

Supported the production of a booklet by the Isandla Institute and the German Development Agency (GIZ) on promoting urban safety through informal settlement upgrading. This publication provides a summary of the findings of a research project, led by the African Centre for Cities, to assess safety implications of different informal settlement upgrading interventions. This was complemented by a series of dialogues and training programmes for municipal representatives.

Stakeholder engagement on key international human settlements dialogues and commitments:

- **Human Settlements Development Summit:** Convened South African sector stakeholders under the National Forum on Human Settlements and Urban Development to jointly develop a South African Implementation Framework that will ensure that the sector tackles urbanisation and acknowledge that human settlements development and urban

management are intricately linked to the economic and social development of the country. The summit was held to critically assess the South African human settlements and urban development context and reflect on how we will work collectively.

- **Urban Conference**

The South African Cities Network is an established network of South African cities and partners that encourages the exchange of information, experience and best practice on urban development and city management. The Department supported the hosting of the first urban conference to promote a conversation between its members and interested parties on the role of cities in transformative development and provided an opportunity for dialogue, learning and monitoring and evaluating the implementation and outcomes of the IUDF towards achieving the Sustainable Development Goals and implementing the New Urban Agenda.

- **Slum Dwellers International (SDI)**

The South African alliance of community organisations and support NGOs affiliated to Shack/Slum Dwellers International (SDI) has pioneered people-centred development initiatives by and of the poor since 1991 and the Department of Human Settlements often partners with them on the implementation arena.

The Stanford Centre on Philanthropy and Civil Society undertook a Digital Impact Tour of several cities in the world. The objective of the tour is to explore the implications of the digital age for global civil society and apply that knowledge to build a universal framework for civil society to use digital resources safely, ethically and effectively. Cape Town was selected as the only city in Africa, to be part of a project to focus on community-gathered data for social change.

The SDI Southern African HUB meeting convened representatives from all countries affiliated to SDI from the Southern African region, to discuss and plan various aspects of their work and evaluate progress in their respective countries, in the rolling out the *Know Your City Campaign* across the continent.

African Forum on Urban Safety Learning Exchange

- eThekweni is the chair and secretariat of the African Forum on Urban Safety Learning Exchange in cooperation with UN HABITAT. This cooperation creates a link between safety and human settlements, which is established in the New Urban Agenda, and recognises that safety is a key concern of the South African government at all levels. This programme is intended to support cities and government

to govern and plan beyond the traditional notions of policing, and instead build safer communities.

- Participated in the Political Bureau of the African Forum on Urban Safety, and presented the aspects of the New Urban Agenda addressing safety and urbanisation.
- Supported the hosting of the 2nd AFUS Learning Exchange to bring together local government practitioners and leaders from all over Africa in an exchange of learning and experiences in the field of urban safety.

International Cooperation Agreements, Cooperation Arrangements, or Work Plans

Cooperation between South Africa and Cities Alliance

- Cities Alliance is a network for learning exchange and a repository of knowledge on urban and human settlement issues. In recent years it has acted as an advocate for the attainment of the sustainability goals on cities and human settlements in the 2030 Agenda for Sustainable Development and the New Urban Agenda. In this period the Department concluded South Africa's membership agreement.
- Participated in the Cities Alliance Management Board meetings discussing strategic questions



related to the positioning of the Cities Alliance, its future role, its focus, sustainability and a clear vision for the organisation going forward.

- The Department has pledged to support this programme in its efforts to find solutions for African cities. A delegation from The Republic of Liberia's National Housing Authority leadership was hosted by the Department to discuss a possible cooperation with the South African government to support the National Housing Authority in the areas of Policy and Technical Support.

Cooperation between South Africa and Canada

- The Equal Spaces: Social Housing to End Spatial Apartheid in South Africa Project is part of the bilateral programme between the Governments of Canada and South Africa to revitalize inner city urban communities. The bilateral programme supports the capacity development of social housing institutions to develop well-managed, affordable and secure social housing developments, with access to socio-economic opportunities.
- Participated in a study tour to examine good practice on urban regeneration in the city of Toronto, Canada, in partnerships between the public and private sector, implementing financial modelling for mixed-use developments and social housing.

Cooperation between South Africa and Cuba

- The South Africa-Cuba Technical Support Programme (SACTSP) began in 2001 and together with the National Department of Public Works began the recruitment of Cuban architects and engineers as technical advisors to assist the Department to support Provincial Departments of Human Settlements to fill capacity needs related to projects and other technical work required to enhance service delivery.

Knowledge exchange through attending or arranging conferences, workshops or study visits

- **2nd International Conference on National Urban Policy:** Participated in 2nd International Conference on National Urban Policy, which was co-hosted by the Organisation for UN-HABITAT, the Organisation Economic Cooperation Development (OECD) and Cities Alliance. The conference considered the role and value of national urban policies in the implementation of the sustainable development goals (SDGs) and the New Urban Agenda (NUA); and evaluated progress on the development and implementation of national urban policy in supporting sustainable urbanisation.

Remote sensing training in cooperation with the South African National Space Agency and Japan International Cooperation Agency:

- As part of the cooperation between the Department and the South African National Space Agency (SANSA) to develop the informal settlements study atlas and the investment potential atlas, as a monitoring tool to trace growth and trend detection analysis especially in the informal settlements. An official was nominated to participate in a capacity building programme on Remote Sensing and GIS application an Advanced Remote Sensing Training Programme on Earth Observation in collaboration with the Japan International Cooperation Agency (JICA).

23rd Middle East Smart Government and Smart Cities Conference:

- Participated in the Middle East Smart Government And Smart Cities Conference, which brought together leaders and experts from around the globe to discuss eGovernment strategies, share global best practices pertaining to organisational transformation and strategic planning in governments through the application of ICT.

Participation in the 12th Metropolis World Congress:

- The congress is the largest gathering of governments of major cities and metropolitan areas in the world. This session of the congress was hosted under the theme, "Global Challenges: Major Cities in Action", around implementation of Agenda 2030 and the New Urban Agenda. The congress debated how to localize these commitments and achieve the goal of inclusive and sustainable future cities.

Knowledge exchange with Senegal:

- The African Union for Housing Finance hosted a high-level delegation from the Department of Urban Development from the Republic of Senegal, and the Department of Human Settlements hosted a knowledge exchange workshop on South Africa's housing and human settlements policy and programmes and offering emerging strategies and best practice.



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 2:	HUMAN SETTLEMENTS POLICY, STRATEGY AND PLANNING						
Sub-programme:	Human Settlements Planning						
Strategic objective:	Develop evidenced-based policies and programmes						
An approved National Human Settlements Development Plan for provinces	Approved National Human Settlements Development Plan	Approved National Human Settlements Development Plan	Approved National Human Settlements Development Plan for provinces	An approved National Human Settlements Development Plan for Provinces (HSDG)	An approved National Human Settlements Development Plan for Provinces (HSDG)	None	None
Guidelines for Human Settlements Planning and Design revised (Red Book)	Service level agreement (SLA) between the national department and the Council for Scientific and Industrial Research (CSIR) approved in February 2015	The framework for the revised guidelines by human settlements planning and design has been developed	First draft of the revised guidelines for human settlements planning and design (Red Book) approved for consultation	Guidelines for Human Settlements Planning and Design revised (Red Book)	Guidelines for Human Settlements Planning and Design (Red Book) revised	None	None
Number of municipalities in secondary cities supported with implementation of the Human Settlements Master Plan	No target	No target	No target	8 municipalities in secondary cities supported with implementation of the Human Settlements Master Plan	8 municipalities in secondary cities supported with the implementation of the Human Settlements Master Plan	None	None
Number of hectares of well-located land acquired, rezoned and released for new developments	A total of 2 635.1 hectares of land were released for human settlements development	3 589.1 hectares of land were identified and released for human settlements development	6 250.385 hectares of well-located land acquired	3 000 hectares of well-located land acquired, rezoned, and released for new developments	3329,446 hectares of well-located land acquired and released for new developments 1574, 6851 hectares of well-located land rezoned for new developments	Over-achieved with 329 hectares acquired and released Under-achieved with 2 266 hectares not rezoned	Rezoning can only be implemented when land acquisition agreements are concluded
Number of pre-and post-1994 title deeds issued	26 279 title deeds backlog	14 266 title deeds backlog	135 878 title deeds issued	327 300 pre-and post-1994 title deeds issued	81 929 pre-and post-1994 title deeds issued as reported by the provinces. National department verification exercise totalled to 41 841	285 459 pre-and post-1994 title deeds not issued based on the provincial submission	Poor performance by the provinces A stand-alone grant has been introduced to improve Department control over performance outputs



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 2:	HUMAN SETTLEMENTS POLICY, STRATEGY AND PLANNING						
Sub-programme:	Human Settlements Planning (continued)						
Strategic objective:	Develop evidence-based policies and programmes						
Number of title deeds for new subsidised houses issued	New target	New target	60 740 title deeds for new subsidised houses issued	93 200 title deeds for new subsidised houses issued	81 929 pre-and post-1994 title deeds issued as reported by the provinces. National department verification exercise totalled to 41 841	51 359 title deeds for new subsidised houses not issued based on the provincial submission	Poor performance by the provinces The Department has initiated a directive to link title transfer to completion certificates
Sub-programme:	Operational Frameworks						
Strategic objective:	Develop evidenced-based policies and programmes, enforce compliance with policies and programmes and improved support and capacity for the human settlements sector						
Policy framework for human settlements developed	Existing policies	Existing policies	Existing policies	Policy framework for human settlements developed	Policy framework for human settlements developed	None	None
Research to support policy development conducted	New target	New target	New target	Research to support policy development conducted	Research to support policy development conducted	None	None
Human Settlements Code developed	Housing code	Draft framework for the development of human settlements code	A framework for the human settlements Code developed	Programmes in Housing Code reviewed	Programmes in Housing Code reviewed	None	None
An analysis of the functionality of the residential property market conducted	New target	New target	New target	An analysis of the functionality of the residential property market conducted	An analysis of the functionality of the residential property market conducted	None	None
Percentage of projects under implementation assessed for policy compliance	New target	New target	New target	5% of Projects under implementation assessed for policy compliance	5% of Projects under implementation assessed for policy compliance	None	None
Number of municipalities assessed for accreditation	A capacity support programme for assignment and accreditation was developed	Three (3) municipalities were pre-assessed for accreditation	Revised Accreditation Framework	9 municipalities assessed for accreditation	4 municipalities assessed for accreditation	5 municipalities	Unavailability of funds from the original budget to appoint the panel. The remaining assessments to be rolled over to 2018-2019



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 2:							
Sub-programme:	Stakeholder and IGR Engagement						
Strategic objective:	Establishment and strengthening of partnerships for human settlements development						
Number of Partnerships, mobilised towards Human Settlements Development	No baseline	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	40 Partnerships, mobilised towards Human Settlements Development	0 Partnerships, mobilised towards Human Settlements Development	Partnerships not mobilised towards Human Settlements Development	Partnerships mobilised through Govan Mbeki Awards, Rapid Responses, Outreach projects and Social Contract A once off signing of the partnerships agreement concluded with Social Contract partners in 2014
Number of initiatives in international cooperative aligned to human settlements priorities serviced	Four reports on international knowledge exchange, benchmarking or co-operation in the field of human settlement	Four reports on intersectoral, intersphere collaboration agreement signed and implemented	Mobilised and strengthened stakeholder participation in human settlement development	6 initiatives in international cooperative aligned to human settlements priorities serviced	12 initiatives in international cooperative aligned to human settlements priorities serviced	6 initiatives	6 additional international initiatives serviced, due to a number of international engagements and agreements that the department undertook
Number of Intergovernmental fora coordinated in line with human settlements priorities	Intersectoral and inter-sphere collaboration agreements signed and implemented	Intersectoral and inter-sphere collaboration agreements signed and implemented	Mobilised and strengthened stakeholder participation in human settlement development	24 Intergovernmental fora coordinated in line with human settlements priorities	25 Intergovernmental fora coordinated in line with human settlements priorities	One forum	The one additional forum was listed in the Technical Indicator as a forum to be established The forums have however been established and initiated ie. The DEA forum on Climate Change Flagship Programme
Parliamentary Committees programme supported	New target	New target	New target	Provide support to Parliamentary Committees programme	Provided support to Parliamentary Committees programme	None	None



Strategy to overcome areas of underperformance:

A process of calling for individual panel nominations was initiated.

Changes to planned targets:

The target of assessing outstanding municipalities from the 2017/2018 financial year has been carried over into the new financial year.

Linking performance to budgets

Sub-Programme Name	2017/2018			2016/2017		
	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	7 956	7 067	889	8 357	7 561	796
Human Settlements Policy Frameworks	32 714	29 685	3 029	30 379	27 949	2 430
Human Settlements Strategy and Planning	70 583	63 102	7 481	53 539	51 090	2 449
Total	111 253	99 854	11 399	92 275	86 600	5 675



4.3. Programme 3: Programme Delivery Support

Purpose of the Programme

1. To support the execution, and monitor and evaluate the implementation, of human settlements programmes and projects.
2. To manage the implementation of technical capacity-building programmes for the sector and provide oversight to public entities.

Sub-Programmes

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

Strategic Objectives of the Programme

- Provide implementation support on the delivery of adequate housing.
- Enhance sector monitoring and evaluation.
- Improve support and capacity for the human settlements sector.

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

1. Chief Directorate: Programme and Project Planning

During the period under review, the Programme provided oversight and management support to the Housing Development Agency (HDA) for the provision of the following on-going planning and implementation support to all 22 municipalities with mining towns:

- Informal settlements upgrading and NUSP
- Detailed planning and township establishment processes
- Title Deeds Restoration Programme
- Local Human Settlements Spatial Transformation Plans
- Land Acquisition and Management
- Partnership projects with Mining Companies – Employer-Assisted Housing Strategies
- Development of project pipelines and technical verification of projects
- Implementation of catalytic projects in mining towns

The Programme also assisted in the development of the 2018/2019 Provincial Business Plans to ensure that all human settlements priorities of municipalities with mining towns are included. It is through the identification of these priorities that the Human Settlements Development Grant (HSDG) ring-fenced funding allocations for mining towns for the 2018/2019 financial year, which were determined and incorporated in the 2018 Division of Revenue Act (DORA) Framework.

The Programme organised and facilitated a successful Human Settlements Consultative Workshop with the mining industry. The participation of the industry members was facilitated by the Chamber of Mines and the workshop was attended by over twenty mining companies. The purpose of the consultative workshop was to discuss the following:

- a) Policy and strategy coherence between the NDHS and the mining industry;
- b) The role of NDHS in the revitalisation of distressed mining communities;
- c) Challenges and opportunities for decent housing, living conditions and human settlements for mine workers and communities;
- d) Proposed partnership model for housing and human settlements delivery between government and mining companies;

- e) Approaches to legacy infrastructure and distressed assets; and
- f) The challenges and lessons with regard to building necessary capacity for the delivery of sustainable human settlements.

During the period under review, the Programme provided implementation support to provinces and municipalities on the implementation of the human settlements Catalytic Projects Programme all 48 approved projects. Monthly reports on all individual projects were compiled and the implementation status of each project assessed to determine programme viability.

The implementation plan of the Catalytic Projects Programme is managed through the national and provincial steering committees. These committees are supported by technical committees which report to the steering committee regularly. The steering committee meetings are held on a monthly basis. The purpose of the meetings is to receive progress reports on all projects implemented. All three national steering committee meeting meetings were successfully convened during the period under review.

The Programme ensured the implementation of the guideline framework for testing project readiness in two provinces, in line with the approved Project Readiness Matrix as per the Human Settlement Development Framework and DORA. The Project Readiness Matrix (PRM) is aimed at streamlining



project packaging nationally in order to develop a pipeline of credible readily available projects and to underpin the integrity of the metropolitan and provincial business plans, subjects projects into the readiness test in order to identify and mitigate risks associated with projects as outlined in the business plans.

The Programme engaged all provincial human settlements departments and entities, specifically the Housing Development Agency with the aim of developing mutually agreed upon and contractually binding PRMs in pursuance of service delivery in respect of sector-wide human settlements opportunities. It further facilitated the submission of project readiness matrixes (PRMs) from the nine provincial departments.

2. *Chief Directorate: Programme Implementation Facilitation*

The Programme has managed the National Upgrading Support Programme (NUSP), which provided Technical Assistance to 89 Municipalities during the financial year. During the period under review upgrading plans were developed for nine informal settlements. Service providers were appointed during the course of February and March 2018. 61 Informal settlements were assessed (Feasibility Studies conducted). 109 Informal settlement upgrading plans developed out of the target of 300 upgrading plans. The Programme supported eight (8) Provinces and six (6) Metros.

Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga, North West, Gauteng, Free State, Limpopo, City of Cape Town, Nelson Mandela Bay Metro, Mangaung, City of Johannesburg, Ethekeini and Ekurhuleni supported the implementation of PHP Policy. 89 670 households in informal settlements were upgraded, 480 Military Veterans houses were delivered, 86 131 individual units for subsidy housing submarket were provided, 3 506 private affordable rental housing opportunities were delivered, 3 535 Social Housing units were delivered, and 546 Community Residential Units (CRU) were delivered. Feasibility studies as well as upgrading plans which have not been completed are targeted to be finalized during the 2018/2019 financial year.

3. *Chief Directorate: Programme Monitoring and Evaluation*

During the period under review the Programme reported project performance in terms of the Human Settlements Development Grant (HSDG) which was verified in all nine Provinces through project site visits and analysis of other data sources. Projects that are implemented vary in number from one quarter to another. A total number of 87 projects (HSDG) representing 16% of the total number of projects (544 projects) that were delivered in quarter one were verified through project site visits while another 88.4% was verified through the analysis of other data sources. In quarter two a total number of 80 projects (HSDG)

representing 17.0% of the total number of projects (460 projects) were verified through project site visits while another 81.5% was verified through the analysis of other data sources. In quarter three a total number of 74 projects (HSDG) representing 13.6% of the total number of projects (546 projects) that were delivered in the second quarter were verified through project site visits while another 86.4% was verified through the analysis of other data sources. In quarter 4, a total number of 69 projects (HSDG) representing 13% of the total number of projects (531 projects) that were delivered in the third quarter were verified through project site visits while the balance was verified through the analysis of other data sources.

In total, 310 projects were verified through project site visits, while the balance was verified through the analysis of other data sources. All other the milestones were achieved, namely the identification of the projects that were delivered, the arrangements with Provinces, on-site verification as well as the drafting of comprehensive reports.

The Programme also conducted an analysis of provincial delivery in the first quarter for the months of April and May 2017, as compared to what was planned in the Provincial Business Plans for the same period. Delivery in the first two months of the financial year was very poor in all Provinces except for the Eastern Cape. Provinces such as Limpopo delivered in terms of projects that were not in the business plans for either 2017/2018 or

2016/2017. The Provinces of Northern Cape, North West and Mpumalanga also delivered in a few projects that do not form part of their 2017/2018 Provincial Business Plans. The Programme also conducted an analysis of provincial delivery in the second quarter for the months of June, July and August 2017 as compared to what was outlined in the Provincial Business Plans for the same period. Delivery in the second quarter increased substantially in the first two months of the second quarter, with more than double than what was delivered in the first quarter. Provinces still, however, delivered projects that were not part of their 2017/2018 financial year Provincial Business Plans.

In addition, the Programme monitored and verified the performance of Metropolitan Municipalities receiving the Urban Settlements Development Grant (USDG) through regular meetings and actual project site visits. As is the case with the HSDG, projects implemented vary in number from one quarter to the other. In quarter one, out of the 835 projects currently in progress, 80 projects representing 10% of the total number, were verified through site visits, while the remaining number was verified through a desktop analysis. In quarter two, out of the 974 projects in progress, 80 projects representing 8.3% of the total number was verified through site visits while the remaining number was verified through a desktop analysis. Consolidated reports were submitted to National Treasury as instructed in terms of DORA.



In total, 80 projects were verified through project site visits, while the balance was verified through desk top analysis. An annual performance evaluation report was compiled, analysed and submitted to National Treasury during the period under review.

The reports on the Department's contribution towards the Strategic Infrastructure Projects (SIPs) were compiled on a quarterly basis and submitted to the Presidential Infrastructure Coordinating Commission (PICC). The Programme also compiled a script and made inputs to the SIP 7 DVD that was aired at the Human Settlements Development Summit.

The Programme also manages the Monitoring, Evaluation and Impact Assessment (MEIA) System which stores the performance management information of all Departmental programmes. In terms of the MEIA System, training of data capturers, verifiers and approvers was conducted.

The System was deployed in the Departmental servers and piloted in October 2017. The following modules were assisted to capture performance information for the 2017/2018 financial year: HSDG, USDG, Catalytic Projects, Corporate Planning and Reporting.

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. An additional Cabinet Memorandum was compiled and submitted to advise Cabinet on the challenges experienced and mitigation measures implemented with the Upgrading of Informal Settlements, the Title Deed Restoration Programme, Rental and Social Housing as well as the White Paper. In addition a Cabinet Memorandum was compiled and submitted to obtain from Cabinet approval for the proposed refinements of the Outcome 8 MTSF.

The Programme also conducted the Evaluation of the Impact of Human Settlements Development Programmes on the Environment during the Implementation of the 2nd Edition of the EIP; the evaluation was completed and a final report has been produced. The impact evaluation of the Upgrading of Informal Settlements in South Africa was initiated during the period under review. The Terms of Reference on the impact evaluation was approved in March 2018 and advertised.

During the 2017/2018 financial year, the Programme compiled and made available ten HSDG data analysis (delivery trends) reports. Additionally, the Programme provided the National Department as well as external clients with data management and analysis services. 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.

The back-up data from the Housing Subsidy System (HSS) was gathered from provincial departments on a monthly basis. The operational HSS data 18 512 project records in quarter one, 18 837 project records in quarter two, 19 394 project records in quarter 3 and in quarter four, data was also gathered from Provincial departments on a monthly basis, in December 2017, and January and February 2018. The data was restored to the National Department's Data Warehouse and specified data extracted as required for analysis and reporting. Data extracts included reports on projects, housing subsidy programmes, and beneficiaries.

Provincial delivery statistics were gathered on a monthly basis throughout the financial year. The spatial database of new HSS records to be geo-coded was maintained with spatial elements of District and Local municipality info, towns and suburbs as well as geographic coordinates. Informal settlements datasets and shape files were acquired from the Eastern Cape. Informal settlements datasets and shape files were acquired from Gauteng. Data on informal settlements from four municipalities in North West province has been acquired and is in the process of being analysed and mapped. Additionally, data from the

informal settlements assessments was extracted, deconstructed and re-compiled into a separate national database for use by the department in reporting on the status of informal settlements. Maps displaying a national overview of distressed mining communities were created. Spatial information support by way of maps with housing projects in relation to other amenities was provided to the Strategy and Planning unit. The unit also compiled a national map on HSDG Projects with Sites/Houses Delivered in 2016/2017, and maps with active, catalytic and planned projects as requested by the DDG: PPMU and the Planning Unit (with informal settlements included).

Data management support is currently being rendered to the Department of Co-operative Governance and Traditional Affairs to assist in ensuring data and information for municipal capacity development.



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 3:	HUMAN SETTLEMENTS DELIVERY SUPPORT						
Sub-programme:	Programme and Project Planning						
Strategic objective:	Provide implementation support on the delivery of adequate housing						
Guideline Framework for Testing Project Readiness implemented in 9 provinces	Approved Guideline Framework for Testing Project Readiness	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	Guideline Framework for Testing Project Readiness (PRM) implemented in 9 provinces	None	None
Number of catalytic projects implemented	15 planned catalytic projects that address spatial, social and economic integration	13 catalytic projects that address spatial, social and economic integration were planned	15 catalytic projects implemented	50 catalytic projects implemented	48 project progress reports submitted. Projects in various stages of implementation	2 projects	Only 48 projects were approved by the Minnec
Number of mining towns supported on human settlements development interventions	No audited baseline	23 mining towns' interventions planned	11 human settlement interventions implemented in mining towns	22 mining towns supported on human settlements development interventions	22 mining towns supported on human settlements development interventions	None	None
Sub-programme:	Programme Implementation Facilitation						
Strategic objective:	Provide implementation support on the delivery of adequate housing						
Number of informal settlements assessed (feasibility studies conducted)	No audited baseline	463 informal settlements were assessed and categorised	283 feasibilities on informal settlements conducted	400 informal settlements assessed (feasibility studies conducted)	61 informal settlements assessed (Feasibility Studies conducted)	339 informal settlements assessed (feasibility studies conducted)	Informal settlements not assessed (feasibility studies not conducted) will be conducted in 2018/2019 financial year
Number of informal settlement upgrading plans developed	336 informal settlements upgrading plans developed	76 informal settlement upgrading plans were developed	413 informal settlement upgrading plans developed	300 informal settlement upgrading plans developed	109 informal settlement upgrading plans developed	191 informal settlement upgrading plans not developed	Informal settlement upgrading plans not developed will be developed in 2018/2019 financial year



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
Sub-programme:	Programme Implementation Facilitation (continued)						
Strategic objective:	Provide implementation support on the delivery of adequate housing						
Number of provinces and metros supported on the implementation of PHP Policy	Five (5) provinces were able to deliver a total of 12 553 PHP units	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	Seven Provinces and six Metros supported on the implementation of PHP Policy	Supported eight (8) provinces and six (6) metros: Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga, North West, Gauteng, Free State, Limpopo and City of Cape Town, Nelson Mandela Bay Metro, Mangaung, City of Johannesburg, Ethekwini, Ekurhuleni supported in the implementation of PHP Policy	1 Province	None
Number of households in informal settlements upgraded	74 017 households	52 349 households were upgraded to phase 2 of the UISP programme	75 941 households upgraded to phase 2 which include HSDG (56 343) and USDG (19 598)	150 000 households in informal settlements upgraded	89 670 households in informal settlements upgraded	60 330 households in informal settlements not upgraded	Poor performance by the provinces
Number of non-statutory military veterans housed	154 (Unaudited)	311	1 700 non-statutory military veterans housed	1 700 non-statutory military veterans adequately housed	480 military veterans houses delivered	1 220	Lack of prioritisation on the delivery of military veterans housing by provinces
Number of individual units for subsidy housing submarket provided	95 210 BNG houses	99 904 housing units were delivered	90 692 subsidy housing opportunities provided	112 600 individual units for subsidy housing submarket provided	86 131 individual units for subsidy housing submarket provided	26 469 individual units for subsidy housing submarket not provided	Poor performance by the provinces



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
Sub-programme:	Programme Implementation Facilitation (continued)						
Strategic objective:	Provide implementation support on the delivery of adequate housing						
Number of private affordable rental housing opportunities delivered	11 407 affordable rental housing opportunities delivered in well-located land: • community residential units (CRU): 8 994 • social housing units: 2 053	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	7 920 private affordable rental housing opportunities delivered	3 506 private affordable rental housing opportunities delivered	4 414 private affordable rental housing opportunities not delivered	Poor performance by the provinces
Number of social housing units delivered	2 053 social housing units	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	6000 of social housing units delivered	3 535 social housing units delivered	2 465 social housing units not delivered	Poor performance by the provinces
Number of community residential units delivered	8 994 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	1 915 community residential units (CRU) delivered	546 community residential units (CRU) delivered	1 369 community residential units (CRU) not delivered	Poor performance by the provinces



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
Sub-programme:	Monitoring and Evaluation						
Strategic objective:	Enhanced sector monitoring and evaluation						
Percentage of projects under implementation monitored and verified	57% of running projects monitored through physical site visits and other verification methodologies	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)	100% of projects under implementation monitored and verified (HSDG and USDG)	99% of projects under implementation monitored and verified (HSDG and USDG)	1%	The deviation is as a result of the Limpopo Province not making provision for all projects that delivered in the Provincial Implementation Plan (PIP) especially in the first quarter of the financial year
Number of evaluation studies completed	One (1) impact assessment study completed: Rapid Appraisal of Outcome 8 One (1) impact assessment study at pilot stage: UISP Baseline Study	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)	One (1) evaluation study conducted (UISP three year impact)	Terms of Reference approved by Bid Adjudication Committee for advertisement on 8 March 2018	Finalisation of Terms of Reference depended on the buy-in from relevant stakeholders	The UISP three year impact not done Consultation of stakeholders took longer than anticipated. More time will be allowed for consultation process



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
Sub-programme:	Regulatory Compliance Services						
Strategic objective:	Provide implementation support on the delivery of adequate housing						
Single Development Finance Institution established	The business case for rationalisation revised	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	<p>The Minister as the designated shareholder and responsible Executive Authority of the NHFC approved the reconstitution of the Board of the NHFC</p> <p>The three entities under integration are fully represented and the operational integration of the three entities has commenced</p> <p>All the required legal, governance and regulatory approvals are in place for the operational integration</p> <p>A draft bill for the establishment of a Human Settlements Development Bank is being finalised for submission to Cabinet</p>	Single DFI operational integration implemented	Single DFI operational integration not yet implemented	Implementation of a single DFI operational integration	The three entities are not yet integrated into a single DFI as they are still operating separately
Number of entities delivery plans aligned to the MTSF	New target	New target	Four (4) shareholder compacts of Human Settlements entities aligned to MTSF 2017/2018	Eight (8) entities' delivery plans aligned to the MTSF	Eight (8) entities' delivery plans aligned to the MTSF	None	None



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
Sub-programme:	Technical Capacity Development						
Strategic objective:	Improved support and capacity for the human settlements sector						
Human Settlements sector Capacity Development audit conducted	New Target	New Target	New Target	Human Settlements sector Capacity Development audit conducted	Human Settlements sector Capacity Development audit was not completed	Capacity Development audit with focus on all the requirements of the Technical Indicator Description (TID)	The skills audit conducted covers 7 instead of 9 provinces (Western and Eastern Cape were not covered) The municipalities do not form part of this capacity audit as required by the TID No comprehensive capacity development plan for the sector
Number of youth supported through the Bursary Programme	300 youth supported through a scholarship programme	70 youth supported through a scholarship programme	249 youth supported through a scholarship programme	100 youth supported through the Bursary Programme	101 youth supported through the Bursary Programme	1	None
Number of practitioners trained in human settlements skills development programmes	803 practitioners trained in all three spheres in human settlements skills development programmes	350 officials trained in human settlements skills development programmes	400 practitioners trained in human settlements specific skills	500 practitioners trained in human settlements skills development programmes	855 practitioners trained in human settlements skills development programmes	355	Provinces nominated more officials to attend the training

Strategy to overcome areas of underperformance: Noted above

Changes to planned to targets: None

Linking performance to budgets

Sub-Programme Name	2017/2018			2016/2017		
	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	14 829	11 248	3 581	9 240	6 837	2 403
Programme Management Unit	140 999	102 148	38 851	151 708	99 926	51 782
Chief of Operations	49 291	43 151	6 140	56 737	44 979	11 758
Total	205 119	156 547	48 572	217 685	151 742	65 943



4.4. Programme 4: Housing Development Finance

Programme Purpose

Fund the delivery of all housing and Human Settlements programmes, and manage all matters related to improving access to housing finance and develop partnerships with the financial sector.

Sub-Programme Chief Investment Officer

Strategic Objective

Efficient and effective utilisation of Human Settlements grants, assessing the accessibility to housing finance and monitoring lending patterns by financial institutions.

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

For the 2017/2018 financial year, the programme achieved the following deliverables:

Grants Management

- The grants allocation processes for the 2017/2018 financial year budget were finalised and approved. The approved funds for HSDG amounted to R19.9 billion and there was no additional funding.
- There was an approved rollover from the 2016/2017 financial year of R343 million

and the total available funds to be spent by provinces increased to R20.3 billion. A total of R19.9 billion was transferred to provinces and spending was R20.1 billion, representing 99% of the total available funds.

- A total of R600 million was stopped from Gauteng (R150 million), Limpopo (R150 million) and North West (R300 million) Provinces. The stopped funds were reallocated and added to the approved funds of Eastern Cape (R100 million), Mpumalanga (R100 million), KwaZulu-Natal (R200 million), Northern Cape (R100 million) and Western Cape (R100 million) Provinces.
- The USDG to Metropolitan Municipalities had voted funds of R11.4 billion plus an approved rollover of R152.8 million, making total available funds of R11.5 billion. As at 31 March 2018, R11.4 billion was transferred. Municipalities spent a total of R6.5 billion, which represents 46.1% of the total available funds.
- An amount of R538.8 million was stopped from City of Johannesburg (R363 million) and City of Cape Town (R175.8 million) Metropolitan Municipalities. The stopped funds were reallocated to Buffalo City Municipality (R160 million), Nelson Mandela Bay (R178.8 million), Mangaung (R100 million) and Ekurhuleni (R100 million) Metropolitan Municipalities

Home Loans and Mortgage Disclosure Act (HLAMDA)

- The HLAMDA and its supporting tools were implemented. Information from financial institutions was collated and analysed in terms of provisions of the Act. An annual report on performance of financial institutions on the lending patterns and practices was prepared and submitted to the Minister in terms of the

requirements of the Act. The quarterly reports on the performance of financial institutions and their lending patterns on home loans were submitted for cond. The public hearings on HLAMDA Amendment Bill were held nationally where comments were received and incorporated into the Bill; then submitted to the Office of State Law Advisors for certification and submission for tabling to Cabinet.

Information disclosed by financial institutions during the reporting period 01 April 2017 to 31 March 2018

Table 1. Value and volume of credit agreements entered into worth less than R500 000

Number	Rand Value
57 531	21.1 billion

Table 2. Summary of use of home loans

	Number	Rand Value
Building new homes	49 211	8.7 billion
Purchasing of an existing home	102 096	98.7 billion
For improvements and upgrades	144 144	5.6 billion

Table 3. Applications and rejections and credit agreements entered into

Number of applications for credit received	Number of applications rejected	Number of approvals	Rand value of credit transactions entered into	Number of credit transactions entered into
4 923 753	2 400 032	1 953 674	R156.9 billion	839 470

* 122 Houses were repossessed during the reporting period



Frameworks developed

- During the year under review, the unit developed 2 frameworks in terms of the planned targets, namely the framework to improve DFI lending as well as the framework to achieve private sector investment leveraging. These frameworks will assist in accelerating and improving access to affordable housing finance and to fast track delivery of affordable housing. Frameworks are still discussed at different platforms.

Government Employees Housing Scheme

- In partnership with the DPSA, outreach campaigns on GEHS and FLISP were conducted throughout the country and ever since the beginning of this programme, it is estimated that more than 260 000 government employees have accessed either bonds, refinancing, switching, non-mortgage loans, and in certain instances FLISP.

Employer-Assisted Housing

- With regards to Employer-Assisted Housing (EAH), the Department engaged Hulett Tongaat to ascertain the prevalence of an EAH programme in the company; organised a workshop on EAH as well as on Government products including FLISP for Nissan, Ford and BMW. The Department continued partnership

with Sasol Mining, FNB and Mpumalanga Province and since 2016, 113 jobs were created for local residents while a total of 121 newly built affordable houses have been handed over to first-time homeowners during the period under review. The last batch of 16 newly constructed houses in Secunda were handed over to beneficiaries in November 2017.

Monitor the increased volume of incremental loans and contributions by DFIs

- Development Finance Institutions were monitored in terms of their five-year MTSF targets, which is to have a 20% increase on 192 753 loan transactions by 2019.
- From the beginning of the MTSF period (2014/2015) to date (2017/2018), the National Housing Finance Corporation (NHFC) has produced 108 442 housing opportunities. This covers the social housing, private rental, and affordable and incremental units. The total achieved also includes 3 974 FLISP units (Gauteng Province only). In relation to the target, NHFC is 60 545 above target. This is due to the above expected performance of the Incremental Housing space.
- The Rural Housing Loan Fund (RHLF) has achieved a total of 166 408 incremental loans within the four-year financial term. In relation

to the five-year target (233 636), the institution has to achieve 67 228 loans in the next financial year (2018/2019) in order to reach it.

- The key performance areas of the National Urban Reconstruction Housing Agency (NURCHA)'s are: affordable housing finance, subsidy finance and infrastructure and community facilities. The key focus is in the affordable housing space which has to date produced 6 935 houses and serviced sites. This is from a targeted 7 992 for the five-year period.



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
PROGRAMME 4:	HOUSING DEVELOPMENT FINANCE						
Sub-programme:	Chief Investment Office						
Strategic objective:	Efficient and effective utilisation of human settlements grants, and monitoring lending patterns by financial institution						
Approved Human Settlements Grants Frameworks	Grant frameworks approved	Housing and human settlements framework restructured by October 2015	Human Settlements Grants Framework approved	Human Settlements Grants Framework approved	Human Settlements Grants Framework approved	None	None
Number of HSDG and USDG quarterly performance assessments conducted	12 monthly reports, four quarterly reports and one annual report submitted	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	Four (4) HSDG & USDG quarterly performance assessments conducted	Four (4) HSDG & USDG quarterly performance assessments conducted	None	None
% of the HSDG construction budget allocated to women and youth contractors	New target	New target	New target	30 per cent of the HSDG construction budget allocated to women and youth contractors	Report on 10.42 per cent of the HSDG construction budget allocated to women and youth contractors	Under achieved with 19.58	Poor performance by the provinces This is a standing item at the Technical Minmec and Minmec
% of the USDG construction budget allocated to women and youth contractors	New target	New target	New target	30 per cent of the USDG construction budget allocated to women and youth contractors DDD	Report on 8.09 per cent of the USDG construction budget allocated to women and youth contractors	Under achieved with 21.91	Poor performance by the municipalities This is a standing item at the Technical Minmec and Minmec



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
Sub-programme:	Chief Investment Office (continued)						
Strategic objective:	Efficient and effective utilisation of human settlements grants, and monitoring lending patterns by financial institution						
Number of Finance Linked Individual Subsidy Programme (FLISP) subsidies allocated to approved beneficiaries	1 193 Finance Linked Individual Subsidy Programme (FLISP) subsidies allocated	2 253 Finance Linked Individual Subsidy Programme (FLISP) subsidies allocated to approved beneficiaries	2 660 Finance Linked Individual Subsidy Programme (FLISP) subsidies allocated to approved beneficiaries	5 000 Finance Linked Individual Subsidy Programme (FLISP) subsidies allocated to approved beneficiaries	2 295 Finance Linked Individual Subsidy Programme (FLISP) allocated to approved beneficiaries	Under achieved with 2 782	The reason for deviation varies per province. The reasons include, but are not limited to: - <ul style="list-style-type: none"> • Availability of affordable stock; • Affordability of people earning less than R15 000 per month The department is continuing outreach campaigns for FLISP, Consumer education toward home owners, Revised FLISP policy
Framework to improve DFI lending developed	New Target	New Target	New Target	Framework to improve DFI lending developed	Framework for the improvement of DFI lending developed	None	None
Framework to achieve private sector investment leveraging developed	New Target	New Target	New Target	Framework to achieve private sector investment leveraging developed	Framework to achieve private sector investment leveraging developed	None	None
Number of Assessments on the volume of loans granted by DFIs for the affordable housing market completed	One quarterly assessment on the volume and number of loans granted by DFIs for the affordable housing market	One quarterly assessment on the volume and number of loans granted by DFIs for the affordable housing market	One quarterly assessment 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 completed	4 Assessments on the volume of loans granted by the DFIs for the affordable housing market submitted	None	None
A revised finance model on grants	New Target	Four performance reports on state finance products for the gap market	State finance products for the affordable market revised	Annual assessment of the current financing model on grants conducted	Annual assessment of the current financing model on grants not conducted	Annual assessment of the current financing model on grants not done	The bid process is not yet concluded



Programme performance indicator	Actual achievement (2014/2015)	Actual achievement (2015/2016)	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual performance (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
Sub-programme:	Chief Investment Office (continued)						
Strategic objective:	Efficient and effective utilisation of human settlements grants, and monitoring lending patterns by financial institution						
Assessments of employers' contribution towards Employer Assisted Housing	New target	New target	New target	Bi-annual assessment of employer contribution on Employer Assisted Housing	2 reports (bi-annual) assessment of Employer Assisted Housing	None	None
Annual performance analysis of financial institutions on their lending patterns on home loans conducted	Approved annual report on the performance ratings of financial institutions	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	None	None

Strategy to Overcome Areas of Underperformance: Noted Above

Changes to planned targets: None

Linking performance to budgets

Sub-Programme Name	2017/2018			2016/2017		
	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	4 082	2 713	1 369	3 706	2 137	1 569
Chief Investment Officer	24 557	22 975	1 582	21 377	20 001	1 376
Human Settlements Development Grant	19 969 343	19 969 343	-	18 283 991	18 283 991	-
Contributions	1 317 031	1 317 031	-	782 395	782 395	-
Urban Settlements Development Grant	11 382 247	11 382 247	-	10 839 468	10 839 468	-
Total	32 697 260	32 694 309	2 951	29 930 937	29 927 992	2 945



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
The Estate Agency Affairs Board (EAAB)	<p>The Estate Agency Affairs Board (EAAB)</p> <ul style="list-style-type: none"> 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; and 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	-	<ul style="list-style-type: none"> 95.75% certificates issued to new registered and compliant estate agents within 21 days 86% renewal certificates issued to current registered and compliant estate agents within 5 days 9 489 youth placed on the One Learner One Estate Agent programme. 959 estate agents inspected 1 000 illegal trading Estate Agents rehabilitated 1 016 estate agents exempted from professional qualification 1 089 registered intern estate agents who have submitted internal logbooks 113 140 000 housing consumer reached through national radio 1 373 interns placed with property industry host employers through property incubator process
Community Schemes Ombud Services (CSOS)	<p>Provides a Dispute Resolution Service for Community Schemes</p> <ul style="list-style-type: none"> Keeps custody of the governance documentation for Community Schemes to facilitate good governance, as well as 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; and Manages the Sectional Titles Management Act 	R29.4 million	R29.4 million	<p>The CSOS has registered 17 445 community schemes.</p> <ul style="list-style-type: none"> 1523 governance documentation quality assured 60% of disputes received were resolved through Conciliation 882 certificates issued for community schemes quality assured 3 consumer awareness campaign and activations completed 9 national consumer / stakeholder activations completed 3 stakeholder e-newsletter publications
Housing Development Agency (HDA)	<ul style="list-style-type: none"> 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 	R210.67 million	R202.02 million	<ul style="list-style-type: none"> 3 328.5277 hectares of land released for human settlement development 1 574.6851 hectares of land have been rezoned 122 catalytic projects managed for implementation Spatial transformation plans were completed at Elias Motsoaledi, Moses Kotane and Kgatelopele municipality 6 814 housing units provided with capacity & implementation support 11 175 serviced sites provided with capacity & implementation support 9 provinces provided with capacity support as per MTOPs and business plans 22 mining town projects provided with technical support Approved framework for Spatial Investment for Human Settlements (FSIHS) based on the Master Spatial Plan (MSP)



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
National Housing Finance Corporation (NHFC)	<ul style="list-style-type: none"> To broaden and deepen access to affordable housing finance for low and middle income households; To facilitate the increased and sustained lending by financial institutions to the affordable housing market and mobilise funding into the human settlement space, on a sustainable basis, in partnership with the broadest range of financial institutions; Additionally, it was assigned by the Department in September 2011 to implement Finance Linked Individual Subsidy Programme (FLISP) with Provincial Human Settlements Departments 	R100 million	R100 million in loans advanced for Social Housing and Private Rental Housing	<ul style="list-style-type: none"> Creation of 36 153 housing opportunities, transforming the lives of 137 381 beneficiaries. Creating 9 615 job opportunities. Strategic partnerships to leverage private sector funding and achieve scale mobilised R1.6 billion into the sector. Efficiencies – cost to income ratio of 43%. 2 242 Social housing units facilitated 579 Private rental housing units facilitated 187 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 713 affordable housing units through leveraged funds. Facilitated 22 468 incremental Housing Loans through leveraged funds. R335 million private Rental housing leveraged funds from private sector R1 206 million affordable housing leveraged funds from private sector R456 million incremental housing loans leveraged funds from private sector
National Home Builders Registration Council (NHBC)	<ul style="list-style-type: none"> Inspection of Homes Registration of homebuilders Enrolment of homes Training of homebuilders and youth 	NHBC does not receive financial assistance from the NDHS	-	<ul style="list-style-type: none"> Conducted a total of 145 953 inspections in the non-subsidy sector Conducted a total of 106 661 inspections in the subsidy sector Registered 2 846 homebuilders Enrolled a total of 135 513 homes in the non-subsidy sector 1 775 homebuilders trained 2 513 youths trained
The National Urban Reconstruction and Housing Agency (NURCHA)	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> signed 14 contracts in the affordable housing market 2 071 houses and sites are signed in contracts 1 164 affordable housing units built and sites serviced signed 17 contracts in the subsidy housing market 3 922 houses and sites signed in contracts in the subsidy housing market 1 646 subsidy housing units built and sites serviced 2 contracts signed in the development of infrastructure and community services 4 infrastructure and community facility projects 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
Rural Housing Loan Fund (RHLF)	<ul style="list-style-type: none">• 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; and• To support the implementation of the Comprehensive Rural Development Programme	R50 million	R50 million utilised for loans to intermediaries for incremental housing loans to end users in rural areas	<ul style="list-style-type: none">• 40 921 incremental housing loans granted• 75.77% of loans to households earning R3 500 or less• 63.20% of loans to women• 131% of loan verification visits done• R29 083 000 Operating surplus after taxation generated
Social Housing Regulatory Authority (SHRA)	<ul style="list-style-type: none">• 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; and• To ensure sustainable and regulated disbursements of the Restructuring Capital Grants (RCG) to accredited social housing institutions (capital and investment grants)	R926.96 million <ul style="list-style-type: none">• Operational Grant: R46.81 million,Regulations Grant: R8 million,• Restructuring Capital Grant (RCG): R851.69 million• Institutional Investment Grant: R20.49 million	R397 million	<ul style="list-style-type: none">• 121 306 Social housing units under regulation• 83 social housing institutions accredited• 138 social housing institutions were re-accredited• Delivered 3 519 social housing units• 6 018 social housing units approved for capital grant funding• 95.36% (R19,54m) disbursement of Institutional Investment Grant achieved



5.2. Transfer Payments to all organisations other than Public Entities

The table below reflects the transfer payments made for the period 1 April 2015 to 31 March 2016

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 the funds unspent 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 annual contributions to the Habitat Foundation. This is a contribution on behalf of the country	Yes	1 924	1 923	
Scholarship Programme	Households	This Programme supports young scholars to access scarce skills training opportunities for housing occupations at undergraduate, diploma and B-Tech levels	Yes	5 900	4 581	Underspending can be attributed to delays by universities to register students due to the fees must fall campaigns
CSIR	Public corporations	Review of Guidelines for Human Settlement Planning and Design (Red Book)	Yes	5 000	5 000	
Mangosuthu University of Technology	Higher education institutions	Human Settlements		3 500	3 500	



6. Conditional Grants

6.1. Conditional Grants and Earmarked Funds Paid

Conditional Grant 1: Human Settlements Development Grant

Department/municipality to whom the grant has been transferred	Nine provinces
Purpose of the grant	To provide funding for the creation of sustainable and integrated human settlements
Expected outputs of the grant	<p>Number of housing opportunities created may include the following:</p> <ul style="list-style-type: none">• 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 households in backyards provided with access to services/upgraded services• Number of title deeds issued (pre 1994, post 1994 and post 2014)• Hectares of well-located land acquired and zoned to create housing opportunities• Number of work opportunities created through related programmes• Number of informal settlements upgraded on site and/or relocated• Percentage of project value procured from women and youth service providers• Number of socio-economic amenities delivered in human settlements• Number of catalytic projects planned, approved and implemented for integrated human settlements developments• Number of socio-economic amenities delivered integrated developments in human settlements
Actual outputs achieved	As per the tables below



Province	Annual Delivery Targets			Delivery Performance as at 31 March 2018			Variance Delivery Sites	Variance Delivery Top Structure	Total Variance Delivery	% Performance (Sites & Units)
	Serviced Sites	Top Structure	Total Delivery Targets	Serviced Sites	Top Structure	Total Delivery Performance				
Eastern Cape	7 248	11 180	18 428	8 649	11 158	19 807	1 401	-22	1 379	107
Free State	6 848	5 225	12 073	6 661	3 479	10 140	-187	-1 746	-1 933	84
Gauteng	16 965	32 064	49 029	7 910	17 558	25 468	-11 889	-14 792	-26 681	49
KwaZulu-Natal	3 911	25 111	29 022	6 280	20 231	26 511	2 369	-4 880	-2 511	91
Limpopo	5 151	9 956	15 107	3 148	9 008	12 156	-2 003	-948	-2 951	80
Mpumalanga	4 053	9 103	13 156	4 230	8 734	12 964	177	-369	-192	99
Northern Cape	2 173	1 416	3 589	1 440	809	2 249	-733	-607	-1 340	63
North West	5 249	12 618	17 867	3 670	6 552	10 222	-1 579	-6 066	-7 645	57
Western Cape	7 860	11 094	18 954	7 947	8 519	16 466	87	-2 575	-2 488	87
Total	59 458	117 767	177 225	49 935	86 048	135 983	-12 357	-32 005	-44 362	75



Amount per amended DoRA (R'000)	<ul style="list-style-type: none">• R20 312 358
Amount transferred (R'000)	<ul style="list-style-type: none">• R19 969 343
Reasons if amount as per DoRA not transferred	<ul style="list-style-type: none">• N/A
Amount spent by the department/municipality (R'000)	<ul style="list-style-type: none">• R20 133 108
Section 15(2)(a) Reasons for stopping a portion allocation	<ul style="list-style-type: none">• R150 000 000, R150 000 000 and R300 000 000 was stopped from Gauteng, Limpopo and North West Respectively. This was due to the underperformance by the Provinces.• R100 000 000 was reallocated to Eastern Cape• R200 000 000 was reallocated to KwaZulu-Natal• R100 000 000 was reallocated to Mpumalanga• R100 000 000 was reallocated to Northern Cape• R100 000 000 was reallocated to Western Cape
Section 15(2)(b) The extent of compliance with this Act	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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 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 the non-compliance	<ul style="list-style-type: none">• 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 unspent by the entity	<ul style="list-style-type: none">• Cash flow management• Slow procurement processes• Non-availability of Bulk Infrastructure• Lack of cooperation by Municipalities• 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)• Late appointment of contractors



7. Donor funds

7.1. Donor funds received

Name of donor	Danish International Development Agency (DANIDA)
Full amount of the funding	R1 239 689.00
Period of the commitment	2010 – 2016/2017
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 the funds unspent	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



PART C: GOVERNANCE



I. Introduction

The Department is committed to the principles of good governance and this is fundamental to the management of public finance and resources. This commitment is demonstrated through the establishment of governance structures and also core values guiding and regulating the departmental operations to ensure effective, efficient and economical utilisation of the resources. These structures are regularly reviewed and assessed to improve their effectiveness.

During the period under review the unit managed to execute its internal audit operational plan achieving 81% of planned reviews and these reviews contributed towards improving the departmental control environment. Furthermore, the unit provided consulting services on matters regarding fruitless & wasteful expenditure and irregular expenditure identified and coordinated audit committee activities.

2. Risk Management

The Department has fully fledged risk management system driven by the PFMA, Treasury Regulations, Committee of Sponsoring Organisations (COSO) Framework as well as the approved Risk Management policy and Risk Management Strategy. Risk Management Unit facilitates, monitor and table risk management activities at the departmental governance structures including,

Joint Branch Management Committee (JBMC) Executive Management Committee (EMT).

The Accounting has appointed Risk management Committee (RMC) composed of Ex Officio and independent members. RMC meets on quarterly basis to review and endorse all risk management activities for approval by the Accounting Officer. The Risk Champions Forum composed of Risk Champions which is a sub-committee that operates at an operational level, meets on regular basis and feeds all its reports to RMC.

For the year under review the Department updated its Enterprise Wide Strategic Risk Registers and Operational Risk Registers including Supply Chain Management, Human Resource Management, Information Technology and Fraud Risk Register. The action plans emanating from these risk registers are monitored at a branch level coordinated by Risk Champions and endorsed by Risk Owners and reported to Risk Champions Forum and Risk Management Committee on quarterly basis.

In addition the department has developed the Business Continuity Plan and Compliance Register under the guidance of RMC. The RMC further reviews the register of losses for the purpose of identifying emerging risks which are updated in the fraud and or SCM risk register. All Senior Managers including Risk Owners and Risk Champions have risk management as a standing KRA in their

performance agreements as part of good corporate governance under the direction of the Accounting Officer.

The Department has notable achievement of 95% implementation of the approved risk management plan for the year under review while Risk Management Unit operated under- capacity constraints for human resources.

3. Fraud and Corruption

The National Department of Human Settlements (Department) established a Special Investigations Directorate (Directorate). The Directorate derives its mandate from Paragraph 6.4 of the Comprehensive Plan (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 the:

- management of the analysis as well as monitoring processes and trends in human settlements corruption; and
- management, coordination and conducting human settlements investigations.

The Department has an Anti-Fraud and Corruption Strategy (and Implementation Plan) which is founded on the principle of “zero tolerance” towards fraud and corruption in all its manifestations. The Department is committed to the establishment of a culture of fair and just administration and 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 which 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 and other external government entities.

Anti-fraud and corruption awareness

During the year under review, the Department implemented an extensive anti-fraud and corruption awareness programme. The programme included the following:

- awareness workshop for staff held at Saint Georges Hotel on 5 May 2017
- 9 posters/pamphlets, covering whistle blowing, fraudulent scams, corruption, medical aid fraud and Ponzi/ pyramid schemes

- 2 posters for service providers/ external stakeholders
- 4 presentations at the departmental induction workshops

Handling/Investigation of Complaints

- 33 complaints were received for the year under review.
- 27 complaints were handled/ investigated. 13 investigations were finalized and appropriate intervention measures recommended for implementation.
- 3 fraudulent scam cases were referred to the SAPS for criminal investigation and possible prosecution.
- 2 cases were escalated to the Office of the Human Settlements Ombudsman for resolution.
- Trends identified included allegations of: illegal sale and occupation of low-income houses and stands, poor workmanship, request for cancellation/ write-off of an acknowledgement of debt (for low-income house) by a since retired government employee, misuse of state resources, delayed allocation of RDP houses, conflict of interest, fraudulent/ illegal evictions and related fraud/ corruption.

4. Minimising conflict of interest

The following measures were implemented to minimise conflicts of interest:

- Declaration forms were completed by approved selection panel members during recruitment processes, to indicate any possible conflict of interest in the form of relationships with candidates.
- When applications for approval for Remunerative Work Outside the Public Service are processed, the issue of possible conflict of interest with the official duties of employees, is considered, and advised upon.
- Labour Relations coordinated quarterly staff awareness sessions, where issues of conflict of interest were addressed.
- Annual management of Financial Disclosures as well as maintenance of a gifts register.

5. Code of conduct

The Public Service Code of Conduct was developed by the Office of the Public Service Commission, which:

- Is an important pillar in the establishment of good governance and ethical conduct of public servants.

- Outlines responsibilities of the employer and the employees towards each other.

- Outlines the way or manner in which public servants are expected to conduct themselves ethically, both in their individual conduct and in their relationship with others.

- Is not an exhaustive set of rules that regulates standard of conduct, but provides for Heads of Departments to be responsible for efficient management and administration of their Departments and maintenance of discipline.

- If breached, will result in disciplinary measures taken against any employee, in line with outlined Disciplinary Code and Procedures in terms of the PSCBC Resolution and Chapter 7 of the SMS Hand Book.

- For the year under review:

- Staff awareness sessions were coordinated quarterly, which included information sharing on the Code of Conduct, employer and employee obligations, as well as breaches that constitute misconduct.

- There were no breaches of the Code of Conduct reported to Labour Relations/ Human Resources.

6. Health safety and environmental issues

The Occupational Health and Safety (OHS) Act, (Act No. 85 of 1993), charges the department with ensuring reasonable and practical provision and maintenance of a safe and risk free working environment for its employees. In compliance with Act provisions, prescribed OHS measures were consistently implemented to ensure a conducive, habitable working environment, through conducted monthly inspections at all departmental sites to identify and mitigate risks and challenges. All identified OHS compliance risks and challenges previously identified, were corrected and eliminated, including appointment of Section 16.2 to oversee compliance with OHSA provisions.

7. Parliamentary committees

Meetings of parliamentary committees: interface of department of human settlements with parliamentary committees during the period 1 April 2017 – 31 March 2018

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
23 May 2017	Department's Fourth Quarter Report (January – March 2017) presented to the Portfolio Committee on Human Settlements	<ul style="list-style-type: none"> Utilisation of Urban Settlements Development Grant Performance of Finance-Linked Institutional Subsidy Setting of realistic & achievable targets Auditing of expenditure reports prior to being submitted to the Committee 	<ul style="list-style-type: none"> Department to monitor closely spending on the Urban Settlements Development Grant within all metropolitan municipalities Department to report the performance of the Finance-Linked Institutional Subsidy (FLISP) Department to revise performance targets in order to ensure they are implementable and achievable To invite following listed provincial departments to present their Business Plans to the Committee – Gauteng Province, North West Province (appeared on 13 June 2017), Free State Province and Eastern Cape (appeared on 20 June 2017)
23 May 2017	Select Committee on Social Services briefed by Department of Human Settlements on its 2017/2018 Annual Performance Plan as well as on its 2014/19 Strategic Plan in preparation for the Minister's Policy Debate scheduled for 6 June 2017 in the National Council of Provinces	<ul style="list-style-type: none"> Performance of Urban Settlements Development Grant 	<ul style="list-style-type: none"> See meeting of 30 May 2017
30 May 2017	Select Committee on Social Services briefed further by Department of Human Settlements on Budget Vote 2017/2018 and on Annual Performance Plan (Please note this was a continuation of the Committee's meeting held on 23 May 2017)	<ul style="list-style-type: none"> Submission of revised figures on performance of USDG 	<ul style="list-style-type: none"> The Department indicated that there had been a miscalculation with regards to figures of Urban Settlements Development Grant Performance, and the corrected figures were subsequently submitted to the Committee
30 May 2017	Select Committee on Appropriations was briefed by the Department of Human Settlements on the performance of the Urban Settlements Development Grant	<ul style="list-style-type: none"> Need for a common understanding and agreement on the utilisation of the USDG Use of the USDG has to be in line with the Master Spatial Plan Need to invite the three poorly performing metropolitan municipalities in Gauteng to appear before the Committee Need for joint exercise between Department of Human Settlements and National Treasury to resolve outstanding issues in regard to the USDG 	<ul style="list-style-type: none"> Finalisation of policy on the utilisation of the Urban Settlements Development Grant. Ongoing engagements with National Treasury on the utilisation of the USDG
31 May 2017	Standing Committee on Appropriations was briefed by Department of Human Settlements on the 2017 Appropriation Bill.	<ul style="list-style-type: none"> Submission of Progress Report on Implementation of Outcome 8 indicating MTSF targets Submission of the Department's Cost Curtailment Plan Submission of a Management of Programme & Project Monitoring, Evaluation & Compliance report Department to align its Monitoring & Evaluation with its Annual Performance Plan 	<ul style="list-style-type: none"> All the required reports submitted to the Committee as requested



DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
13 June 2017	Portfolio Committee on Human Settlements briefed by the following provincial departments on their Business Plans: <ul style="list-style-type: none"> Gauteng Province's Department of Human Settlements North West Province's Department of Human Settlements 	<p>In respect of Gauteng Province-</p> <ul style="list-style-type: none"> Need for effective social facilitation in volatile areas Failure to achieve set targets on Title Deeds Restoration Project <p>In respect of North West Province-</p> <ul style="list-style-type: none"> Failure to issue title deeds in new developments Outstanding legal issues Underspending of budget Failure by some contractors to complete work Projects undertaken even without bulk services 	<ul style="list-style-type: none"> Capacitation of emerging contractors alongside punitive measures being included in contracts in order to ensure that both main and sub-contractors deliver Resolution of legal issues Application of Project Readiness Matrix to ensure project implementation Role of Provincial Steering Committee to address title deeds backlog To ensure alignment of plans with all the three spheres of government Strengthen intergovernmental relations and integrated planning Strengthen monitoring of human settlements projects in order to prevent vandalism and invasion
22 August 2017	Portfolio Committee on Human Settlements briefed by the following provincial departments on their Business Plans for 2017/2018: <ul style="list-style-type: none"> Qualification criteria & guidelines on provision of houses for military veterans 	<ul style="list-style-type: none"> Need to prioritise non-statutory military veterans Adherence to departmental norms & standards with regards to units set aside for military veterans Location of beneficiaries as well as housing projects for military veterans 	<ul style="list-style-type: none"> Resolve the issue of the military veterans' beneficiary data base with Department of Defence & Military Veterans Municipalities & provinces to deviate from norms & standards only on condition that they raise own funding for units that are larger than the allowed norms & standards in terms of departmental policy
22 August 2017	Portfolio Committee on Human Settlements briefed by Northern Cape's Provincial Department of Human Settlements on its Business Plan for the Financial Year 2017/2018 as well as on eradication of the housing backlog in the province	<ul style="list-style-type: none"> Mushrooming of informal settlements Interaction with mining houses to provide housing assistance to employees Management of beneficiary list Poor performance with regard to FLISP 	<ul style="list-style-type: none"> Approval sought and obtained from Surveyor-General for development of land parcels following geotechnical investigation and environmental impact assessment Both the Provincial and National Departments to prioritise bulk infrastructure development
5 September 2017	Portfolio Committee on Human Settlements briefed by Department of Human Settlements on the following: <ul style="list-style-type: none"> Department's First Quarter Report 2017/2018 (April – June 2017); Progress Report on Property Practitioners Bill; Progress Report on Home Loans & Disclosure Amendment Bill (HLAMDA) 	<ul style="list-style-type: none"> Progress report on catalytic projects; Progress report on Title Deeds Restoration Projects; Expedite provision of housing assistance for military veterans in accordance with set targets; Capacitation of municipalities and provinces; With regard to the Property Practitioners Bill & HLAMDA, Department has to ensure, once approved by Cabinet, that time frames are adhered to for public hearings etc. 	<ul style="list-style-type: none"> Inclusion of a detailed report on how the National Department was rendering assistance to the Gauteng Provincial Department of Human Settlements Furnish the Committee with a North West Province's Recovery Plan as agreed to during the recent Oversight Visit to the North West Present an improved performance in the Department's Second Quarter Report Secondment of officials from National Department to assist struggling provincial departments Provincial Departments of Gauteng & Limpopo together with their respective MECs to appear before Portfolio Committee on Human Settlements during next term of Parliament



DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
3-5 October 2017	Briefing of Portfolio Committee on Human Settlements by Department of Human Settlements & its entities on Annual Reports	<ul style="list-style-type: none"> • Lack of consequence management on those responsible for irregular and wasteful expenditure • Correlation between expenditure versus targets achieved • Customisation of targets for both national and provincial departments for easier reporting • Repeat findings a concern • Poor performance by three provinces, namely Gauteng, Limpopo & Free State • Title Deeds Restoration Project • Irregular and wasteful expenditure in some of the entities • Correlation between organisational and financial performance • Stability of the NHBRC • Seamless inspectorate mechanism/inspection system; • Regular update on legacy issues • Important to observe time frames set for Stabilisation and Normalization plan of NHBRC 	<ul style="list-style-type: none"> • Department to furnish a report on Risk Management & Mitigation • Department to furnish a report outlining the role of the Internal Audit Committee • Customised indicators in place but requiring enforcement mechanism; • Reconciliation of the disjuncture between provincial operational plans and targets • Furnish a report on cooperatives in respect of Peoples Housing Process • Furnish a report on Informal Settlements Upgrading per municipality <p>With regard to Social Housing Regulatory Authority:</p> <ul style="list-style-type: none"> • Furnish list of all 65 accredited social housing institutions • Enhancement of volumes with regards to production of social housing projects • Conclusion of Implementation Protocol with Housing Development Agency on Inner City Revitalisation Programme <p>With regard to National Home Builders Registration Council:</p> <ul style="list-style-type: none"> • Resolution of all outstanding issues between NHBRC and North West Provincial Department • Submission of condonations to National Department of Human Settlements as well as to National Treasury • Risk mitigation measures to be in place • Resolution of legacy issues • Submission and Normalisation Plan to be submitted to National Department and Committee before end of 2017



DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
3-5 October 2017	Briefing of Portfolio Committee on Human Settlements by Department of Human Settlements & its entities on Annual Reports (continued)	<ul style="list-style-type: none">• With reference to RHLF, mention of those providing grants including contribution by mining houses particularly towards labour-sending areas• Assistance of staff with change management with respect to three DFIs in the process of being consolidated• Clearing up all matters pertaining to consolidation of human settlements DFIs• 'Red flagging' of Gauteng Province by Housing Development Agency and possible intervention measures• Non- completion of projects• Delays in appointment of service providers• Date for presentation of catalytic projects• Timeline for conclusion of N2 Gateway Flagship project• Failure to achieve targets• Role of Housing Development Agency in facilitating resolution of blockages across board• Acquisition of land from the private sector• Possibility of Housing Development Agency becoming a developer of choice	<p>With regard to National Urban Reconstruction & Housing Agency:</p> <ul style="list-style-type: none">• NURCHA on track to be constituted as part of the Human Settlements Development Bank as an outcome of consolidation of Development Finance Institutions (DFIs)• Putting of corrective measures to deal with among others, irregular expenditure• Contractor Development Programme to be extended to emerging contractors across the country <p>With regard to Rural Housing Loan Fund:</p> <ul style="list-style-type: none">• To continue to engage mining houses to contribute towards the upliftment of labour-sending areas• Furnish findings of a market research on microfinance for both urban and rural markets aimed establishing nature of demand• Still awaiting in-principle approval by Development of Southern Africa and European Investment Bank <p>With regard to National Housing Finance Corporation:</p> <ul style="list-style-type: none">• As part of the NHFC's preparation for consolidation, the entity was tax exempt, however two outstanding matters, namely - just like RHLF, still awaiting in-principle approval by Development Bank of Southern Africa & European Bank of Southern Africa• Approval by National Treasury in terms of Public Finance Management Act• With regard to funding of inner city development, need for synergy with related work being carried out by other three entities, namely SHRA, NURCHA & NHBRC <p>With regard to Housing Development Agency:</p> <ul style="list-style-type: none">• To enhance marketing and publicity to increase public awareness• Conclusion and signing of Implementation Protocols with municipalities and provinces as part of formalizing working relations• Signing of Implementation Protocol with SHRA on Inner City Upgrading however still needed to resolve contracting issues with SHRA in accordance with their respective mandates• To present on catalytic projects on 24 October 2018• In addition, to present the entity's land banking strategy• Further, to present list of 356 informal settlements that have been upgraded including categories of catalytic projects• To furnish nature of the entity's intervention in general



DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
3-5 October 2017	Briefing of Portfolio Committee on Human Settlements by Department of Human Settlements & its entities on Annual Reports (continued)	<ul style="list-style-type: none"> • EAAB's Turnaround Strategy; • EAAB's Transformation Strategy. • EAAB as an entity under stress. • Allegations of mismanagement at EAAB • Transformation of the property industry; • Unfavourable audit findings, particularly pertaining to the recurrence of audit concerns that continue to cast an unfavourable image to some of the entities such the CSOS. For the Committee, the issue of qualified audit outcomes was not acceptable. 	<p>With regard to the Estate Agency Affairs Board:</p> <ul style="list-style-type: none"> • Decision and steps by Minister of Human Settlements to address concerns around governance • Reviewing of the entity's management core • Relocation of the Title Deeds Restoration Project to the National Department • Revised version of the Property Practitioners Bill to be taken through the Cabinet process following public comments <p>With regard to the Community Schemes Ombud Services:</p> <ul style="list-style-type: none"> • Department of Human Settlements to return together with CSOS to present in detail a mechanism to assist the entity on its management issues as well as on the issue of the collected funds to the tune of R30.3 million
24 October 2017	Briefing of Portfolio Committee on Human Settlements by Department of Human Settlements together with Housing Development Agency on the following: <ul style="list-style-type: none"> • Catalytic Projects • Revitalisation of Distressed Mining Towns • Upgrading of Informal Settlements 	<ul style="list-style-type: none"> • Challenges with regard to land release as it relates to the role of municipalities and traditional authorities • Resolution of land claims • Employment creation • Signing of Implementation Protocols & Conclusion of Memoranda of Agreement • Poor performance by Gauteng & Limpopo provinces yet most of the catalytic projects were in these two provinces 	<ul style="list-style-type: none"> • Department to present on the support being rendered to metropolitan municipalities on the utilisation of the Urban Settlements Development Grant before end of January 2018 • Department to present on services being rendered to informal settlements before end of January 2018 • During Oversight Visits, Department ensure the presence of a senior, at least at Chief Director level, responsible for the National Upgrading Support Programme (NUSP)
31 October 2017	Portfolio Committee on Human Settlements briefed by Department of Human Settlements together with the Estate Agency Affairs Board & Community Schemes Ombud Services on the following: <ul style="list-style-type: none"> • EAAB's Turnaround Strategy • EAAB's Progress on Transformation of the Property Industry • CSOS on its Proposed Management System 	<ul style="list-style-type: none"> • Collaboration with SARS in assisting CSOS with schemes registration • Approval by Minister of Finance & thereafter conclusion of a Memorandum of Understanding between Ministers of Finance & Human Settlements • Role of Minister of Human Settlements to expedite the aforementioned process • Adverse audit findings with regard to EAAB • EAAB's consumer awareness & transformation • EAAB's staff retention strategy & high staff turnover • Reduction in EAAB's intake of interns • Continued use of services of SAP Software Company by EAAB • Rationale for combining CFO & Corporate Services functions at EAAB 	<ul style="list-style-type: none"> • Setting a clear and definite timeframe and the need for adherence to set timeframe for conclusion of the process between CSOS and SARS • CSOS to provide progress report on its Schemes Management & Registration System on a quarterly basis • CSOS to keep Minister of Human Settlements abreast of process to conclude a MoU with National Treasury • EAAB to present its final Turnaround strategy as well as its Transformation report in early 2018 • Portfolio Committee on Human Settlements to conduct an Oversight Visit to human settlements during January 2018



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7 November 2017	Department of Human Settlements (together with Provincial Departments of Gauteng & Limpopo), briefed the Portfolio Committee on Human Settlements on Delivery & Performance Challenges	<ul style="list-style-type: none"> • Intergovernmental relations between Gauteng Province & its metropolitan municipalities, characterized by poor coordination & consultation • Bad living conditions within Community Residential Units (CRUs) • National Department's intervention & recovery plan for Gauteng Province • Alignment between Urban Settlements Grant & Human Settlements Development Grant • Issuance of title deeds • Housing assistance for military veterans • Payment of contractors/service providers within 30 days • Bulk infrastructure challenges particularly in West Rand. • Funds that had been transferred to Housing Development Agency (R400 million) • Sale of farm land in Limpopo • Capacitation of emerging contractors in Limpopo • Management of beneficiary data base in Limpopo • Deviation from policy in respect of housing units for military veterans • Failure to meet targets in Limpopo despite high expenditure • Blocked projects in Limpopo • Unlawful occupation of Community Residential Units in Limpopo • Role of mining houses in provision of housing assistance to own employees • Engagements with mining houses • Slow and low service delivery • Contractors not meeting targets in accordance with delivery frameworks in Limpopo & issue of invoking punitive clauses/measures in contracts • Intervention by National Department 	<ul style="list-style-type: none"> • Gauteng Province to report on issue of Petitions as well as matter pertaining to Friendship Town currently before Court • To invite City of Johannesburg to appear before Portfolio Committee during early 2018 • With regard to Limpopo Province, secondment of a senior official by National Department • In terms of Division of Revenue Act, every project on Business Plan to meet a 'Readiness Matrix' • Measures to be put in place as part of contractor vetting & management in order to obviate capacity-related challenges • Funds from non-performing provinces to be redirected to better performing provinces • Signing of Social and Labour Plans Agreements including provision of houses for employees by mining houses • Adoption of uniform rules of engagement when interacting with mining houses • Possibility of establishing a 'war room' at Limpopo Provincial Department to allow for weekly interaction and regular monthly reports
14 November 2017	<p>Department of Human Settlements together with North West Provincial Department of Human Settlements briefed the Portfolio Committee on Human Settlements on the following:</p> <ul style="list-style-type: none"> • Department's Second Quarter Report (July - September 2017) • North West's Department of Human Settlements' Recovery Plan. 	<ul style="list-style-type: none"> • Failure to meet set targets such pertaining to title deeds • Department's Programme 3 poorly performing • Management of process of relocating beneficiaries as part of informal settlements upgrading in mining areas • Department advised to interact with Moghaka Municipality to resolve infrastructure related challenges • Underperforming metropolitan municipalities 	<ul style="list-style-type: none"> • Verification of informal settlements upgrading numbers • Conclusion of the budget process to prioritise interventions in, for instance, expediting title deeds issuance, including a proposal for a title restoration grant to curb deviations • Emergency housing process still to be presented to Cabinet • Presentation of a plan to assist and capacitate under-performing metropolitan municipalities



DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
15 November 2017	Department of Human Settlements together with Portfolio Committee on Defence & Military Veterans briefed Portfolio Committee on Defence & Military Veterans on Provision of Housing Assistance to Military Veterans	<ul style="list-style-type: none"> Provinces not prioritizing non-statutory forces and destitute military veterans Challenges with regard to DMV database (unreliable and being disputed beneficiary lists) Urgent need for DMV to review the Department of Military Veterans Act as well as related Regulations Non-adherence to policy prescripts such as building units outside specifications Unlawful occupation of completed housing units Slow delivery by provincial departments Non-implementation of Circular issued by Department of Human Settlements for provinces to do overrides on HSS Non-implementation of resolutions of National Veterans Dialogue held during May 2017 Poor communication/coordination between provincial departments, South African National Military Veterans Association (SANMVA) & Department of Military Veterans (DMV) Assistance to outstanding mortgages 	<ul style="list-style-type: none"> Development & signing off of an internal policy document, that provides clarity on existing/applicable legislation and addresses deficiencies in Regulations Possibility of extending assistance for outstanding mortgages Increased participation of Military Veterans in project development Prioritization of older and vulnerable military veterans Need for a rigorous and robust verification process of applicants Possibility of utilizing unused and disused buildings belonging to DMV & Department of Public Works to house some of the destitute military veterans
22 November 2017	Department of Human Settlements briefed Select Committee on Petitions & Executive Undertakings on progress relating to the implementation of Military Veterans Housing Programme	<ul style="list-style-type: none"> Please refer to meeting of 15 November 2018 above as same concerns were raised during this meeting 	<ul style="list-style-type: none"> Recommendation that DMV holds a National Engagement with SANMVA and other related formations to address challenges posed by these formations especially prevalent unlawful occupations and invasions Departments of Human Settlements & Military Veterans to enhance monitoring & evaluation of projects on the ground Establishment of provincial steering committees comprised of all stakeholders including SANMVA Department of Military Veterans to address issues relating to database Provinces to construct houses as per approved specifications (norms & standards) Department of Military Veterans to review its Policy and Regulations
28 November 2017	Department of Human Settlements attended briefing of Portfolio Committee on Human Settlements by South African Human Rights Commission on its Economic & Social Rights Research Policy Brief 2016/2017	<ul style="list-style-type: none"> Study on provision of housing assistance to people with special needs Commission's findings & recommendations Policy development Decrease in private sector/donor funding Liaising with structures on ground including municipalities Utilisation of discretionary grants Role of Departments of Social Development & Human Settlements 	<ul style="list-style-type: none"> Ongoing interaction between South African Human Rights Commission and Department of Human Settlements for a possible policy development for people with special needs Convene a joint Portfolio Committee meeting together with Departments of Human Settlements & Social Department Joint planning with Departments of Social Department & Human Settlements Invite SAHRC to a policy workshop to take place during early 2018



DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
28 November 2017	Department of Human Settlements briefed Select Committee on Social Services on its Annual Report 2016/2017	<ul style="list-style-type: none">• Departmental transfer to Mangosuthu University of Technology• Departmental transfer to UN HABITAT• Housing assistance for military veterans• Misalignment between end of financial year of Department and that of municipalities and impact this was having on reporting of performance• Poor performance by metropolitan municipalities, including USDG underspending• Framing of departmental performance indicators• Scholarship programme as it relates to Department of Human Settlements Study Bursary• Projects in mining towns	<ul style="list-style-type: none">• Committee to invite in near future, Select Committee on Petitions & Executive Undertakings as well as National Treasury to discuss policy on allocation & utilisation of Urban Settlements Development Grant;• Furnish report on housing assistance for military veterans• Department to furnish information pertaining to study programme & bursary assistance before end of week• Exercise by Department of Human Settlements to evaluate some of existing policies• Department to provide a report detailing location of projects in mining towns• Proposal to combine three grants, namely Municipal Infrastructure Grant, Urban Settlements Development Grant & Intermediate Cities Grant, for bulk infrastructure• Reiteration of importance to adhere to policy, specifications as well as norms and standards
27 February 2018	Briefing by Department of Human Settlements on its Third Quarter Report (October – December 2017)	<ul style="list-style-type: none">• Spending patterns in some of the metropolitan municipalities & provinces a concern• Operation mechanism of the new Human Settlements Development Bank• Expenditure meeting MTSF targets• Issue of Accreditation of metropolitan municipalities• Underperformance by Title Deeds Restoration Project• Mining Towns Revitalisation Programme underperforming• FLISP underperformance• National Upgrading Support Programme underperformance	<ul style="list-style-type: none">• Poor performing metropolitan municipalities together with their respective provincial departments responsible for human settlements portfolio to be invited to appear before Portfolio Committee on Human Settlements• Arrange a meeting with newly appointed Minister of Human Settlements• Finalise process of amalgamating the three finance entities, namely NHFC, NURCHA & RHLF
27 February 2018	Briefing by North West Province's Department responsible for Human Settlements Portfolio on its 2017/2018 Performance & Recovery Plan	<ul style="list-style-type: none">• Poor performance by contractors• Electrification and occupation/allocation of completed Community Residential Units• Consequence management for failure to perform• No sites planned for Ngaka Modiri Molema District a concern	<ul style="list-style-type: none">• North West Province to present its Fourth Quarter Report which is to include detailed performance & expenditure for the period January – March 2018
6 March 2018	Briefing by City of Cape Town Metropolitan Municipality & Western Cape Provincial Department of Human Settlements on Utilisation of Urban Settlements Development Grant	<ul style="list-style-type: none">• Utilisation of USDG for its intended purpose• Alignment of the USDG with other grants especially HSDG• Reasons for failure to utilize USDG• Going forward, what needs to be done to improve situation	<ul style="list-style-type: none">• Portfolio Committee advised City of Cape Town Metropolitan Municipality to return on 13 March 2018, with a revised presentation addressing issues pertaining to utilisation of USDG as per letter of invitation



DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
6 March 2018	Briefing by Ethekwini Metropolitan Municipality & KwaZulu-Natal Provincial Department of Human Settlements on Utilisation of Urban Settlements Development Grant	<ul style="list-style-type: none"> Reason behind improved spending patterns during the last two months Clarity sought on issue around Eshongweni Landfill Spending of USDG on water & sanitation & role of Department of Water & Sanitation Issue of Community Fora taking over government projects Supply Chain Management challenges, how they impacting on performance 	<ul style="list-style-type: none"> Need for an ongoing conversation on the issue of alignment in allocation of USDG National Department of Human Settlements to draft guidelines on utilisation of USDG Need to ensure maximize utilisation of USDG to deal with informality City of Ethekwini to share its model & experience on how to utilize USDG with City of Cape Town Reporting on USDG expenditure be at National Department
13 March 2018	Briefing by City of Cape Town Metropolitan Municipality together with Western Cape Provincial Department of Human Settlements on Plans to Improve spending on Urban Settlements Development Grant	<ul style="list-style-type: none"> Delay in the appointment of contractors Consequence management for poorly performing contractors Social and community facilitation especially in gang-infested localities Impact of transfer of funds from non-performing projects to performing projects on potential beneficiaries Strategy to deal with land invasion phenomenon Monitoring of USDG expenditure Issue of internal capacity 	<ul style="list-style-type: none"> City of Cape Town Metropolitan Municipality to submit a list of informal settlements earmarked for upgrading Need to continue engaging National Treasury on issue of withdrawal of allocated funds
13 March 2018	Briefing by Limpopo Provincial Department of Human Settlements on Plans to Improve Performance & Spending	<ul style="list-style-type: none"> Contractor profiling Housing assistance for military veterans; Management of contractors Beneficiary data base, its administration and management including missing or untraceable beneficiaries Measures to prevent land invasion Revitalisation of mining towns 	<ul style="list-style-type: none"> Need to improve management of the Province's Beneficiary Data Base To address the issue of capacity Prevent of land invasion Continue with proper management of contractors as it contributed to an improved performance in the province Deepen relationship with Housing Development Agency especially for suitable land acquisition
20 March 2018	Briefing by Mangaung Metropolitan Municipality on Urban Settlements Development Grant	<ul style="list-style-type: none"> Quantification of work being done in respect of title deeds Measures to pre-empt and prevent community unrest Metropolitan municipality collaborate & complement work of province on title deeds 	<ul style="list-style-type: none"> Consider signing of an Implementation Protocol between Mangaung Metropolitan Municipality & Free State Province Should also consider a cost sharing arrangement whereby the two spheres can work collaborate in joint planning National Department to continue monitoring the Metro's expenditure during the remaining three months of the municipal financial year. City Manager to furnish report on state of title deeds backlog in the metropolitan municipality City Manager to convene a workshop with ward councilors to deal with community discontent



DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
20 March 2018	Briefing by Free State Provincial Department of Human Settlements on its spending Plans	<ul style="list-style-type: none"> • Failure to meet set targets on a number of fronts (e.g FLISP, military veterans housing, NUSP) yet almost 100% of budget has been spent • Resolution of disputes between main contractor vs subcontractors • Title deeds backlog • Transfer of an amount of R58 million to Housing Development Agency • Bulk infrastructure around mining towns • Untraceable beneficiaries • Feedback on Accreditation of municipalities; • Expenditure 	<ul style="list-style-type: none"> • Consider formalizing collaboration with the Metropolitan Municipality, particularly on township establishment as well as around work being done around issuance of title deeds

Oversight Visits by Parliamentary Committees

On 14-18 August 2017, Portfolio Committee on Human Settlements undertook an oversight visit to North West Province and objectives of the visit included holding a briefing session with the Provincial Department, district municipalities and other stakeholders in relation to implementation of human settlements strategic plans, projects and programmes. In addition, the Committee also conducted site and project visits.

I. Municipalities visited

Ngaka Modiri Molema District Municipality

- Mahikeng Local Municipality
- Matlosana Local Municipality

Bojanala District Municipality

- Moses Kotane Local Municipality
- Rustenburg Local Municipality
- Madibeng Local Municipality

2. Overall highlights of issues raised in the Province

Upgrading of informal settlements

- The province reported rapid increase of informal settlements especially in mining towns
- Majority of the informal settlements are located on privately owned land
- Some informal settlements are not feasible for upgrading as they are located close to environmental sensitive areas i.e. too close to mines and flood plain areas

- There's lack of bulk services to provide basic services as part of informal settlement upgrading

- Some of the informal settlements residents don't qualify under the subsidy housing programme for various reasons

Title Deeds (Title deeds Restoration Programme)

- High backlog in the issuing of title deeds across the province; municipalities generally don't attend the Provincial Steering Committee
- It was reported that township establishment and townships not being proclaimed were hindering the registration, issuing and transfer of title deeds
- Portfolio Committee urged municipalities to attend of Provincial Steering Committee meetings to deal with Title Deeds

Restoration Programme

Beneficiary Management

- Province needs to improve on its beneficiary management and administration
- Province reported that officials had recently been trained, it therefore expected the status quo to improve
- Credibility of beneficiary lists: There's poor management of the beneficiary demand data base which manifests itself in housing allocation that is not transparent as it is based on unreliable data base/beneficiary lists

Finance-Linked Individual Subsidy Programme (FLISP)

- FLISP programme is not performing well



in the province because of insufficient applications

- Province told to prioritise FLISP

Access to land/Land Acquisition

- Good relations with the HDA; plans in place but the expected land yield aren't indicated or don't come out clearly
- Release of land doesn't happen at a pace desired

Community Residential Unit Programme (CRU)

- CRUs were commissioned without amenities; as a result they cannot be occupied
- Vandalism or illegal occupation of completed CRUs due to being vacant for extended periods
- A contractor has been appointed to renovate damages to the CRUs prior occupation by beneficiaries
- Consumer Education proposed for potential beneficiaries

Blocked Projects

- High number of blocked projects due to flouting of township establishment processes; awarding contracts to contractors with insufficient capacity to deliver

- The Premier of the North West Province has written to the Minister of Human Settlement requesting assistance with regards to blocked projects
- The province indicated that it has appointed a service provider who will conduct an audit of all blocked projects in the province

Non-Performance of contractors and late payment of contractors

- Prevalence of poor contract management resulting in contractors absconding without punitive measures taken against them
- Province needs to address the issue relating to the non-performance of Contractors
- Poor performance of contractors raises concerns about the process of appointing service providers/contractors
- It was proposed that non-performing contractors must be terminated and poor performing contractors should be scaled down and blacklisted

Issues that impact on the delivery of sustainable integrated human settlements

- Capacity related issues manifesting themselves in the vacancy of critical posts

- Project implementation delayed by unsuitable soil conditions due to presence of dolomite
- Replacement of asbestos roofing hindered due to funding shortfall
- Protests that impact on project implementation schedule

Bulk infrastructure

- Municipalities were instructed to utilise the 2% of the Housing Development Grant set aside for bulk services in light of the bulk infrastructure challenges experienced by the province
- Installation of overhead electricity pylons above a pre-existing residential settlement in Rustenburg; and the sentiment that if any relocation as well as reconstruction of alternate houses for affected households it should be at the expense of Eskom

Military Veterans

- The province indicated that they experience problems with military veterans as they want to be appointed in the construction of the Milvets houses
- Plans in place in some municipalities to build for Milvets, awaiting approvals from DMV

- The Military Veterans Programme is moving at snail's pace in the province

Subsidy Quantum

- Review of variation subsidy to accommodate dolomitic and H3 soil conditions. The dolomitic areas were generally expensive (about 67% of the province is dolomitic)

Financial Performance

- Possibility of fiscal dumping due to poor planning

Accreditation of municipalities

- Issue of municipal accreditation and the related issue of Implementation Protocol not being finalised

Planning

- Misalignment of plans between municipalities and provinces
- Poor planning attributable to poor leadership, lack of project readiness matrix, absence of project pipeline planning culminating in projects being undertaken without the requisite bulk infrastructure and services
- There's a need to improve working relationship between municipalities and province to improve planning and



coordination in order to ensure pipeline project planning and that projects have to fulfill project readiness matrix

Role of the National Home Builders

Registration Council (NHBRC)

- Shoddy workmanship and the role of the NHBRC to undertake inspection as well as ensuring quality control
- Disconnect between municipalities and the enrolment of projects with the NHBRC

Role of Mining Companies/Revitalisation of distressed mining towns

- Lack of coordinated strategy in dealing with mining houses, leading to lack of positives outcomes.
- Province encouraged to engage mining houses on their role and commitment to agreements;

Role of the Housing Development Agency (HDA)

- The province indicated that there was a communication gap between the province and Housing Development Agency
- HDA is playing a role in land acquisition, specifically two pieces of land in the Moses Kotane Local Municipality
- Assisting with suitable land acquisition and assembly;

Catalytic Projects

- Implementation of catalytic projects delayed due to lack of bulk services

Disaster Management

- Funding shortfall for the Disaster Management Unit and the related issue of outstanding assistance to households that were affected by a natural disaster due to earth tremor
- The province intends revising its business plan to include disaster projects

3. The portfolio committee on human settlements recommended that the following be actioned:

- Drafting and submission of a Human Settlement Development Grant (HSDG) Recovery Plan by the North West province by 25 August 2017;
- Submission of a report on the recently convened workshop on distressed mining towns by the North West Provincial Department of Human Settlements;
- Report back by the North West Provincial Department of Human Settlements and the National Department of Human Settlements to the Portfolio Committee on matters relating to the accreditation of municipalities, revitalisation of distressed

mining towns as well as the upgrading of informal settlements by 29 August 2017;

- North West Provincial Department of Human Settlements to submit report on engagement with Eskom to resolve the issue of overhead electrical pylons in Rustenburg;
- North West Provincial Department of Human Settlements should engage with Department of Cooperative Governance and Traditional Affairs on provision of bulk infrastructure and services;
- National Department of Human Settlements should engage the National Disaster Management Centre (NDMC) on matters relating to the unclassified disaster occurrence in Matlosana which affected approximately 3000 households, some of which have not been repaired;
- North West Provincial Department of Human Settlements should look in revising its business plan to include the balance of the disaster affected;
- Province should utilise the 2% of the Housing Development Grant set aside for bulk services to address bulk infrastructure challenges;
- The National Department of Human Settlements committed to dispatch a

“rapid intervention” team to the Province in order to deal with the current challenges;

- North West Provincial Department of Human Settlements should provide reasons for the blockage regarding PHP projects in the Province as well as plans to unblock them;
- North West Department of Human Settlements to ensure occupation of the Mahikeng CRU by beneficiaries by 01 September 2017.

4. Oversight visits undertaken from 29 January – 2 February 2018 by Portfolio Committee on Human Settlements to the following:

Estate Agency Affairs Board

Key Decisions:

- Final Transformation Plan to be submitted to the Board for approval.
- One Learner One Estate Agent Programme to be redefined, redesigned and repackaged as it was not yielding the desired results.
- Conceptualisation of the Transformation Fund.
- Develop and implement turnaround strategy.



- Improve working relations with SITA as well as improve ICT systems.
- Ensure that those employed in critical positions are employed on a permanent basis.
- To set clear timeframes for plans and projects.
- To implement radical economic transformation by empowering women, people with disabilities and the youth.

Community Schemes Ombud Services

Key Decisions:

- Filling of the remaining vacant posts by end of March 2018 as well as ensure that those employed in critical positions are appointed on a permanent basis.
- Opening of regional offices in Port Elizabeth and Bloemfontein.
- Entity needs to strengthen its communication and marketing strategy.
- Conceptualisation of the Transformation Fund.
- Implement radical economic transformation through empowering previously disadvantaged people,

particularly women, people living with disability and the youth.

- Set clear timeframes for plans and projects.
- To improve ICT systems.
- Strive to contribute towards nation building through the promotion of diversity within residential schemes.

National Home Builders Registration Council

Key Decisions:

- Finalisation of the investigation of the 10 remaining cases by end of February 2018.
- Implementation of a hybrid category of inspectors in-house.
- Enhance consumer awareness programmes.
- Conceptualization of the Transformation Fund.
- Fast-tracking of the implementation of Stabilisation Plan.
- Eliminate irregular and fruitless expenditure.
- Compliance with supply chain policies as well as transformation of the entity.

- Ensure that those appointed in critical positions are employed on a permanent basis.
- Clear time frames for plans and projects.
- Implement radical economic transformation in terms empowering women, people with disabilities and the youth.
- To improve ICT systems.

City of Johannesburg Metropolitan Municipality

Key Decisions:

- Improve performance on the Urban Settlements Development Grant as well as appear before the Committee to present plan to improve performance and spending of the USDG.
- City of Johannesburg urged to eliminate its high vacancy rate.
- City also urged to address procurement challenges.
- Need to clear uncertainty with regards to the role of administrators vis-à-vis the role of elected representatives/politicians.
- Both the City's Executive Manager and the Provincial Head of Department urged to hold regular interaction.

- To improve the quality and quantity of the City's capital spend on both the USDG and the Human Settlements Development Grant.

Gauteng Provincial Department

Key Decisions

- To resolve alignment with the City of Johannesburg Metropolitan Municipality with regards to planning, funding and implementation of human settlements projects.
- Both the City's Executive Manager and the Provincial Head of Department urged to regular interaction.

National Department of Human Settlements

Key Decisions

- Quarterly progress reports to be furnished to the Portfolio Committee on recommendations;
- Ensure coordinated planning among the three spheres of government
- Provide assistance to the City of Johannesburg to utilize allocated funds such as the USDG and the HSDG.



Consultative Workshop with Portfolio Committee on Human Settlements from 28 – 29 March 2018:

Key Decisions

With regards to the Framework for Human Settlements Bill and Code:

- It was agreed that the Bill should be developed in a manner that will be relevant for the long term, say the next twenty years or so.
- The should be coherent in terms of existing related legislation and policies such as the Spatial Planning & Land Use Management Act, Urban Integrated Development Framework and so on.
- Members should continue to interrogate the Bill and submit comments to the Department for consideration.
- In terms of the 2019/2024 MTSF, the National Development Plan Implementation Plan work was ongoing, including transition from the Housing Act to the Human Settlements Act.
- Process of Accreditation should be revisited with a differentiated approach depending on capacity of municipalities
- The work programme of the

Department should continue despite on the reconfiguration of the State, any outstanding issues are to be passed on to the next administration.

- Prioritisation of four programmes, namely:
 - the National Upgrading Support Programme/Informal Settlements Upgrading;
 - Social and Rental Housing;
 - Mega-catalytic Projects; and
 - An appropriate Funding Model for metropolitan municipalities and provinces.

Housing Consumer Protection Bill:

- The Bill has been supported by the Social Protection Community & Human Development (SPCHD) Cluster for tabling at Cabinet Committee.
- A clause that specifies how the transformation agenda is to be addressed be incorporated in the Bill.
- The Department has been urged to finalise the Bill for tabling at Cabinet and thereafter embark on a concerted communication drive for the simple purpose of raising consumer awareness.

- Need to strive to improve relationship between tenants and social housing institutions.
- Establish close a close working relationship with the cities for purposes of land release.
- Identification of a possible programme on Social Housing that the Minister of Human Settlements could highlight and address.
- Role of the banking sector is critical.
- Identification of areas for possible risks that may require mitigation such as those related to land invasion. There was a need to be proactive in identifying areas of potential risk, as well as formulating risk mitigation including the role of justice and law enforcement agencies.
- Reference to the forthcoming Land Summit during April 2018, the voice of Human Settlements must be loud and clear, which should entail crafting of a clear sector position.

Home Loans & Mortgage Disclosure Bill (HLAMDA)

- Need to develop a joint communication strategy with the banks including holding of a joint working session. Thus it imperative for the Department of Human

Settlements to engage with the Banking Association of South Africa (BASA).

- It was also important to advertise HLAMDA as widely as possible.

Property Practitioners Bill

- Transformation of the property sector.
- Holding of a consultative process once the Bill has been introduced to Parliament.
- The Bill should be enhanced through alignment with the set conditions outlined in the Property Charter.
- The Department to advise the Minister to establish a transitional structure to replace the existing Board which is to be dissolved once the Bill has been passed.
- Consideration to set aside 50% of government work for black-owned agencies.
- The Portfolio Committee on Human Settlements is to work closely with the National Department to finalise all processes in order to ensure that the Bill is approved by Cabinet to address issues pertaining to the transformation of the property sector.



Government Employees Housing Scheme (GEHS)

- Department of Human Settlements & Department of Public Service & Administration should resolve outstanding institutional arrangements.
- Holding of a joint session at a Study Group level with the Portfolio Committee's counterpart committee in Parliament thereafter the Portfolio Committee on Human Settlements and its counterpart responsible for Public Service & Administration to jointly discuss the GEHS in order to resolve any existing challenges for the delivery of housing stock.
- The necessity for a message that the government playing a leading role in a programme for employers to provide housing assistance to their employees.
- Need to enhance the performance of the FLISP.

Urban Settlements Development Grant

- Policy to be reviewed to allow provinces to receive reports on the performance of the USDG in order to be able to assist and intervene where there are challenges.
- Need to revisit intergovernmental relations between metropolitan municipalities and

provinces to allow the two spheres to improve delivery.

Title Deeds Grant Framework

- Noted that funding for this newly established grant had been 'top-sliced' from the Human Settlements Development Grant due to the poor performance by provincial departments on the Title Deeds Restoration Project.

Emergency Housing Grant Framework

- Highlight intervention by the Department.

National Upgrading Support Programme (NUSP)

- Noted that all informal settlements were in receipt of basic services at varying levels.
- National Department is to undertake a refinement exercise to ensure that targets with respect to the upgrading of informal settlements are achieved by July 2018.
- Plans and project timelines must be communicated in a targeted manner at local level.
- Translation of plans into implementation.

National Housing Needs Register (NHNR)

- The NHNR is to be extended to Social Housing Programme.

- Avail information on the allocation of houses.

Human Settlements Development Bank Policy

- A bench-marking exercise on the draft Human Settlements Development Bank Bill is to be undertaken after the approval of the Business Case by the Minister of Finance.
- Members of the Committee urged to furnish comments on the Business Case particularly on products and services of the Human Settlements Development Bank.
- Portfolio Committee to interact with the Banking Association of South Africa
- Operational integration of the Human Settlements Development Finance Institutions (DFIs) must not curtail funding operations.
- Proposed delivery channel of the Human Settlements Development Bank should be revisited particularly on the use of the intermediaries as these tend to charge much higher interest as opposed to the provision of services directly.
- A two-pronged approach which entails the utilisation of both intermediaries as well as offering services directly to clients, to be considered.

Tablings:

In terms of section 10 of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No 9 of 2009), members of Cabinet must, after the adoption of the fiscal framework, table Strategic Plans and Annual Performance Plans for consideration and tabling. Accordingly, the following Strategic Plans and Annual Performance Plans were tabled in Parliament during the period under review:

- Department of Human Settlements
- Estate Agency Affairs Board
- Housing Development Agency
- National Housing Finance Corporation
- National Urban Reconstruction & Housing Agency
- National Home Builders Registration Council
- Social Housing Regulatory Authority
- Rural Housing Loan Fund
- Community Schemes Ombud Services

The following annual reports were tabled in Parliament, in terms of the Public Finance Management Act, 1999 (Act 1 of 1999):

- Report and Financial Statements of Vote 38 – National Department of Human Settlements for 2016-2017, including Report



of Auditor-General on Financial Statements and Performance Information of Vote 38 for 2016-2017;

- Report and Financial Statements of National Home Builders Registration Council (NHBRC) for 2016-2017, including Report of Auditor-General on Financial Statements for 2016-2017;
- Report and Financial Statements of Estate Agency Affairs Board (EAAB) for 2016-2017, including Report of Independent Auditors on Financial and Performance Information for 2016-2017;
- Report and Financial Statements of Housing Development Agency (HDA), including Report of Independent Auditors on Financial Statements and Performance Information for 2016-2017;
- Report and Financial Statements of National Urban Reconstruction and Housing Agency (NURCHA) for 2016-2017, including Report of Independent Auditors on Financial Statements and Performance Information for 2016-2017;
- Report and Financial Statements for Social Housing Regulatory Authority (SHRA) for 2016-2017, including Report of Independent Auditors on Financial Statements and Performance Information for 2016-2017;

- Report and Financial Statements of Rural Housing Loan Fund (RHLF) for 2016-2017, including Report of Independent Auditors on Financial Statements and Performance Information for 2016-2017;
- Report and Financial Statements of National Housing Finance Corporation SOC Ltd (NHFC) for 2016-2017, including Report of Independent Auditors on Financial Statements for 2016-2017;
- Report on Financial Statements of Community Scheme Ombud Services (CSOS) for 2016-2017 including Report of Auditor-General on Financial Statements and Performance Information for 2016-2017;
- Report and Financial Statements of Thubelisha Homes NPC (in Liquidation) for 2016-2017, including Report of Independent Auditors on Financial Statements and Performance Information for 2016-2017.

Cabinet and its Committees

The following Cabinet Memoranda were tabled at Cabinet and its Committees:

- Appointment of Chief Executive Officer of the National Home Builders Registration Council;
- The Property Practitioners Bill, 2017;
- Appointment of Chief Ombud for the Community Schemes Ombud Service (CSOS);
- One Outcome 8: Sustainable Human Settlements and Improved Quality of Household Life/Programme of Action Report for the period July to September 2017 as well as cumulative performance from 1 April 2014 to 30 September 2017.

Parliamentary Questions

- Total number of Questions for Written Reply received from National Assembly from April 2017 to March 2018 = 56
- Total number of Questions for Oral Reply received from National Assembly from April 2017 to March 2018 = 5
- Total number of Questions for Written Reply received from National Council of Provinces from April 2017 to March 2018 = 4
- Total number of Questions for Oral Reply received from National Council of Provinces from April 2017 to March 2018 = 13
- In total, 78 Questions were received from Parliament.



8. Prior modifications to audit reports

The department developed an action plan to address all issues on the audit report and on the management report. The action plan was managed by the Internal Control Unit and updated on a monthly basis by the responsible managers.

Internal Auditors verified the progress reported by the managers and tabled a verification report at the Audit Committee and to Executive Management on the outcome of the verification conducted.

Non-compliance	Financial year in which it first arose	Progress made in clearing/ resolving the matter
Sufficient appropriate audit evidence for the reported actual performance of the target for the number of title deeds backlog eradicated could not be obtained	2016/2017	<p>Action Plan has been developed to address issues affecting the completion of the annual performance report and to improve reliability of the actual reported targets.</p> <p>These include:</p> <ul style="list-style-type: none"> Collecting actual title deeds from the provinces to ensure accuracy of the reported title deeds transferred Purchasing of title deeds information from the title deeds office to ensure accuracy of the reported title deeds transferred
Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R2 587 000, as disclosed in note 25 to the annual financial statements, in contravention of section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.	2016/2017	Matters have been investigated by the Internal Auditors but have not yet concluded

9. Internal control unit

Internal controls exist to benefit the Department. These are guidelines and procedures or processes put in place by management to ensure that departmental goals and objectives can be met. They include the steps the Department takes to make sure that assets are safeguarded against waste, fraud and abuse, that records are accurate and that applicable laws and regulations are complied with. The unit is the custodian of all signed policies and circulars as well as supporting documentation for all processed payments. It strengthens the management practices that govern administrative, financial and performance or pre-determined activities. It also manages the irregular expenditure register. and fruitless and wasteful expenditure: upon identification the expenditures are reported and recorded as per prescripts. The management of losses and claims is also the Unit's responsibility. The unit acts as the secretariat to the Loss Control Committee and is responsible for investigation of all losses reported to the Loss Control Officer of the department.

The Internal Control Unit in the Department has during the financial year under review achieved the following:

- Pre- and post-compliance testing of financial transactions was conducted and discrepancies were discussed with management for remedial actions to be put in place.

- An audit action plan was developed to address the findings raised by the Auditor-General. Monthly updates on the planned actions were made with responsible managers. The monthly updates were submitted to Internal Audit for verification. The updated plan is also presented to executive management team and the Audit Committee for their review and recommendations.
- It reviewed the effectiveness of internal policies and where necessary policy amendments were recommended.
- Through its work during the year under review irregular expenditure was reduced by R5 418 597.17 (from R12 299 140.14 to R6 880 542.97)

10. Internal audit and audit committees

Internal Audit

The main objective of the Internal Audit unit is to provide the Department with independent and objective assurance on the adequacy and effectiveness of the system of internal control, risk management and governance processes. Facilitated and co-ordinated the audit committee (eight meetings convened) and combined assurance activities.

Audit work conducted during the period under 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
- Division of Revenue (Grant Management) review
- Consulting service – MPAT, Annual Performance Plans and Govan Mbeki Awards reviews

- Management request or adhoc audits (IFW) review
- Provincial Audits (3 provinces) – SCM and Performance Information review

Audit Committee

The Department has a fully functional Audit Committee 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 and it operated in accordance with the approved Charter (Terms of Reference) which provide 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 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 both all stakeholders. A total of eight (8) meetings were held during this period. The term of current committee is coming to end in April 2018 and two members terms have been extended for a further three (3) years to ensure continuity.

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr S Faku	<ul style="list-style-type: none"> • Senior Teachers Diploma • B Education Honours • Master of Science • Graduate Diploma (Company Direction) 	External Member	Not Applicable	1 May 2015**	Not Applicable	8
Mr N Monakedi	<ul style="list-style-type: none"> • Masters in Project Management • Bachelor of Technology (Construction Management) • National Diploma (Building) • Diploma in Labour Intensive Management 	External Member	Not Applicable	22 Aug 2011*	Not Applicable	8
Ms R Kalidass	<ul style="list-style-type: none"> • Bachelor of Accounting Sciences • Bachelor of Commerce Honours • Certificate in the Theory of Accountancy (CTA) • CA (SA) 	External Member	Not Applicable	1 May 2015	Not Applicable	6
Ms W Dukuza	<ul style="list-style-type: none"> • Bachelor of Procuratoris • Admitted Attorney • Diploma in Tax Practice • Certificate in Labour Relations Management 	External Member	Not Applicable	1 May 2015	Not Applicable	8

*Re-appointed with effect from 01/05/2015 and term end 30/04/2018 not renewable

**Contract extended for a further 3 years with effect from May 2018

II. Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2018.

Audit Committee members and attendance

The Audit Committee operates in terms of the adopted Terms of Reference (TOR) as stated in the Audit Committee Charter. The Audit Committee consists of the external members and meets at least four times per year, in accordance with its approved Terms of Reference.

Name	No. of Meetings scheduled	No. of Meetings attended
Mr S Faku	8	8
Mr N Monakedi	8	8
Ms R Kalidass	8	6
Ms W Dukuza	8	8

Audit Committee Responsibility

The Audit Committee reports that it has satisfied its responsibilities in terms of Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal Terms of Reference (TOR) and has regulated it's in compliance with its charter and discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The Committee reviewed the findings of the work conducted by the Internal Audit, which was based on the risk assessments conducted in the department. The internal audit work executed was in the area of assurance reviews, performance information (predetermine objectives), performance audit and intergovernmental (conditional grants) and the Information Technology Reviews.

In-Year Management and Monthly/ Quarterly Report

The Committee has noted that the department has been reporting monthly and quarterly to the Treasury as is required by the PFMA and DORA.

Evaluation of Financial Statements

We have evaluated the annual financial statements of the department for the year ended 31 March 2018, based on the information provided to the committee by management and reviews by internal audit and external auditors.

Auditor General's Report

We have reviewed the department's implementation plan for audit issues raised in the previous year and we are noted that the department has not adequately resolved all the matters raised in previous year



S Faku
Chairperson of the Audit Committee
Department of Human Settlements

Date: 31 July 2018



PART D: HUMAN RESOURCE MANAGEMENT



Overview of Human Resources

1. Legislature that govern human resources management

The following Legislation governs Human Resource Management in the Public Service:

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

In addition to the legislation, the following prescripts govern Human Resource Management in the Public Service:

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

2. Introduction

The department implemented its Human Resources Plan (HRP) for the 2016- 2019

MTEF period as well as its Annual 2017/2018 HR Implementation Plan, which both comprised the following Human Resources Management priorities:

- Secure the right quantity and quality of staff;
- Alignment of organisational structure to the mandate of the department;
- 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; and
- Ensure sound labour relations in the department.

2.1 Filling of posts

The Department embarked on an aggressive recruitment drive to fill all its prioritised vacant and funded posts, resulting in reduction of the vacancy rate to 5%, an all-time low in years. Other vacant unfunded posts, were frozen, ring-fenced and removed from the Organisational establishment.

The cut in the Compensation of Employees (CoE) budget, limited the desired ability to secure staff

capacity to deliver on the Departmental mandate, with all new appointments made on a 3 year contract basis.

2.2 Ensuring compliance to statutory requirements

Maximum effort was made to ensure full compliance was adhered to, to all HR statutory compliance, with notable highlights including:

- Reduction of the vacancy rate to 5%;
- 1st time assessment of all staff levels in the Department up to the DG, including implementation of applicable outcomes within the financial year;
- Compliance with all labour relations compliance requirements
- Improved consistent application of prescript provisions for various administrative processes, which realised an improved AG rating.
- There were however also several challenges encounters met on policy matters, mostly due to non-concurrence by stakeholders, including:
- Delays in stakeholder concurrence to endorse revised Bereavement Policy and EMPMDS policy, in line with revised DPSA Regulations and directives.

- Inability to host the PSWMW in August 2018, due to other operational commitments.

2.3 Review of the Departmental Organisational Structure

The Department continued with review of the current Organisational Structure, intended to:

1. Ensure alignment with the National Development Plan (NDP), the Breaking New Ground (BNG) policy, the Medium Term Strategic Framework (MTSF) and the Departmental Strategic Plan and Annual Performance Plan;
2. Enhance the holistic Departmental capacity to deliver on its expanded mandate, and
3. Enhance the Department's Programme & Project implementation capability to support Provincial Departments and Municipalities.

The Department encountered major challenges, including:

1. Delays in various stakeholder concurrence on reaching consensus to conclude and align the proposed Organisational Structure to DPSA proposals the final Structure, amidst the challenges of reduction in the Compensation of Employees budget, against the broad departmental mandate.



2. The delays impacted on the delayed commencement of a 360 degree HR initiative to improve aspects of accessibility, availability and proximity of Human Resource to functional units as well as the turn-around times for HR services provided to the Department, including conducting of the Departmental Skills Audit.
3. These delays however did not impact on achievement of the Strategic Plan/APP since key positions are filled on a 3year contract basis.

2.4 Employee Health and Wellness Programme

The Department implemented its approved annual Employee Health and Wellness Programme (EHWP) as an intervention to enhance employee productivity, where:

- Employees took full advantage of available EHWP services, which include confidential short term counselling services on a 365/24/7 basis.
- Various health promotion initiatives were undertaken through quarterly Wellness Days to encourage employees to choose healthy lifestyles and achieve work life balance,

including onsite employee health screenings, HIV counselling and testing (HCT), and reports submitted to relevant authorities and the DPSA.

- Counselling and other employee wellness support services were provided to staff employees and their household members.

2.5 Implementation of the Employee Performance Management & Development System (EPMDS) Policy

The Department achieved for 1st time, improved compliance towards the Departmental Employee Performance Management and Development System (EPMDS), including:

- 100% staff submission of Performance Agreements on time.
- Conclusion of Annual Performance (EPMDS) moderations for all staff including SMS & Top Management (DG & DDG's before the end of 2017/2018 financial cycle, including all appeals. This achievement enabled timeous identification and rectification of inconsistencies in staff service records (impacts on service benefits e.g. employee pension & compensation).

2.6. Implementation of the Human Resource Development Programme

In developing staff competencies, the department achieved the following:

- Effective implementation of the Workplace Skills Plan (WSP);
- Implementation of the Departmental Bursary programme to empower employees in various public service and sector disciplines;
- Awarding by PSETA of the Department a discretionary grant for a learnership programme, due to the high quality of the Annual Workplace Skills Plan submitted.
- Appointment and placement of 10 unemployed disadvantaged youth (18.2) and 20 employees (18.1 who did not have formal academic entry level qualifications) on a Public Administration Learnership programme on NQF level 5 which was successfully completed in March 2018. This contributed to the increase of the training and development budget, thus increasing more training and development opportunities for employees and unemployed youth which could not be realised previously.
- Submission of all prescribed Quarterly and Annual Training reports and expenditure reports to the Public Service Sector Education (PSETA).



3. Human Resource Oversight Statistics

3.1. Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2017 to 31 March 2018

Programme	Total Voted Expenditure	Compensation of Employees Expenditure	Training Expenditure	Professional and Special Services	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee	Employment
	R'000	R'000	R'000	R'000	R'000	R'000	
Prog 1: Administration	419 772	207 209	2 768	9 788	50%	512	405
Prog 2: Human Settlements Policy Strategy and Planning	99 854	57 582	-	3 361	60%	944	61
Prog 3: Programme Delivery Support	156 547	62 128	-	22 289	40%	683	91
Prog 4: Housing Development Finance	32 694 309	19 019	-	1 199	0%	475	40
Total	33 370 482	345 938	2 768	36 637	0%	579	597

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (level 3-5)	25 204	7%	115	219 165
Highly skilled production (levels 6-8)	60 543	18%	165	366 927
Highly skilled supervision (levels 9-12)	139 369	40%	219	636 388
Senior and Top management (levels 13-16)	120 822	35%	98	1 232 878
Contract Other	0	0	0	0
Total	345 938	100%	597	579 461



Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2017 to 31 March 2018

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	R'000		R'000		R'000		R'000	
Prog 1: Administration	194 694	94	974	0	4 750	2	6 791	3
Prog 2: Human Settlements Policy Strategy and Planning	55 680	97	31	0	857	1	1 014	2
Prog 3: Programme Delivery Support	59 867	96	12	0	1 022	2	1 227	2
Prog 4: Housing Development Finance	18 162	95	3	0	336	2	518	3
Total	328 403	95	1020	0	6 965	2	9 550	3

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	R'000		R'000		R'000		R'000	
Lower skilled (Levels 1-2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Skilled (level 3-5)	17 089	68%	318	1	1 444	6	2 316	9%
Highly skilled production (levels 6-8)	49 487	82%	414	1	1 947	3	3 713	6
Highly skilled supervision (levels 9-12)	123 678	89%	216	0	1 412	1	2 790	2
Senior and Top management (levels 13-16)	109 279	90%	0.00	0	1 986	2	673	1
Contract Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	299 533	86	948	0	6 789	2	9 492	3



3.2. Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as on 31 March 2018

Permanent Posts per Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Prog 1: Administration	435	405	6.90	26.00
Prog 2: Human Settlements Policy Strategy and Planning	68	6	10.30	1.00
Prog 3: Programme Delivery Support	96	91	5.20	3.00
Prog 4: Housing Development Finance	45	40	11.10	1.00
Total	644	597	7.30	31.00

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	0.00	0.00	0.00	0.00
Skilled (3-5)	110.00	100.00	8.30	0.00
Highly skilled production (6-8)	142.00	135.00	4.90	0.00
Highly skilled supervision (9-12)	205.00	184.00	10.20	0.00
Senior management (13-16)	90	81.00	10.00	1.00
11 Contract (levels 3-5), Permanent	15.00	15.00	0.00	7.00
12 Contract (level 6-8), Permanent	30.00	30.00	0.00	3.00
13 Contract (level 9-12), Permanent	35.00	35.00	0.00	11.00
14 Contract (level 13-16), Permanent	17.00	17.00	0.00	9.00
Total	644.00	597.00	7.30	31.00

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018

Critical occupation	Number of employees at beginning of period - April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineering Sciences Related Permanent	9	0.00	2	22.22
Engineers and Related Professionals Permanent	1	0.00	0	0
Finance and Economics Related Permanent	80	10	7	8.75
General Legal Administration and Related Professionals Permanent	8	0.00	1	12.50
Total	98	10	10	10.20

3.3. Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 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	0.00	0.00	0.00	0	0
Salary Level 15	6	6	83.33	0	16.66
Salary Level 14	21	16	71.42	6	28.57
Salary Level 13	64	49	75.00	15	23.43
Total	92	72	78.26	21	22.82

Table 3.3.2 SMS post information as on 30 September 2017

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	0.00	0.00	0.00	0	0
Salary Level 15	6	6	83.33	0	16.66
Salary Level 14	21	16	71.42	6	28.57
Salary Level 13	64	49	75.00	15	23.43
Total	92	72	78.26	21	22.82

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 to 31 March 2018

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	4	0	4
Salary Level 13	3	1	2
Total	7	1	7

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 2017 to 31 March 2018

Reasons for vacancies not advertised within six months
Review and re-alignment of the Departmental Organisation Structure and reduction of COE budget

Reasons for vacancies not filled within twelve months
Review and re-alignment of the Departmental Organisation Structure and reduction of COE budget

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 20YY and 31 March 20ZZ

Reasons for vacancies not advertised within six months
Review and re-alignment of the Departmental Organisation Structure and reduction of COE budget

Reasons for vacancies not advertised within six months
Review and re-alignment of the Departmental Organisation Structure and reduction of COE budget

3.4. Job Evaluation

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2017 to 31 March 2018

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts Upgraded	
				Number of posts evaluated	% of posts evaluated	Number of posts evaluated	% of posts evaluated
Lower Skilled (Levels 1-2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Skilled (Levels 3-5)	124.00	0.00	0.00	24.00	100.00	0.00	0.00
Highly skilled production (Levels 6-8)	183.00	0.00	0.0	0.00	0.00	0.00	0.00
Highly skilled supervision (Levels 9-12)	300.00	1.00	0.33	0.00	0.00	0.00	0.00
Senior Management Service Band A	67.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management Service Band B	21.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management Service Band C	6.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management Service Band D	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	702	1.00	0.14	0	000	0.00	0.00

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 to 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	0.00	0.00	0.00	0.00	0.00
Male	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00
Employees with a disability					0.00

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 to 31 March 2018

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0.00	0.00	0.00	None
	0.00	0.00	0.00	None
	0.00	0.00	0.00	None
Total number of employees whose salaries exceeded the level determined by job evaluation				0.00
Percentage of total employed				0.00

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 to 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	0.00	0.00	0.00	0.00	0.00
Male	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00
Employees with a disability	0.00	0.00	0.00	0.00	0.00
Total number of Employees whose salaries exceeded the grades determine by job evaluation					None

3.5. Employment Changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Number of employees at beginning of period-1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower Skilled (Levels1-2)	0.00	0.00	0.00	0.00
Skilled (Levels 3-5)	113	0.00	3.00	2.70
Highly skilled production (Levels 6-8)	166	0.00	3.00	1.80
Highly skilled supervision (Levels 9-12)	161	0.00	10.00	6.20
Senior Management Service Band A	55	0.00	2.00	3.60
Senior Management Service Band B	17	0.00	1.00	5.90
Senior Management Service Band C	7	0.00	1.00	14.30
Senior Management Service Band D	2	0.00	0.00	0.00
Other Permanent	47	2.00	49.00	104.30
Contract (Levels 3-5) Permanent	6	21.00	11.00	183.30
Contract (Levels 6-8) Permanent	27	25.00	24.00	88.90
Contract (Levels 9-12) Permanent	10	27.00	4.00	40.00
Contract Band A Permanent	1	2.00	1.00	100.00
Contract Band B Permanent	5	1.00	4.00	80.00
Contract Band C Permanent	4	1.00	1.00	25.00
Contract Band D Permanent	4	2.00	0.00	0.00
Total	625	81.00	114.00	18.20



Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Number of employees at beginning of period - April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineering Sciences Related Permanent	9	0.00	2	22.22
Professionals Permanent	1	0.00	0	0
Finance and Economics Related Permanent	80	10	7	8.75
General Legal Administration and Related Professionals Permanent	8	0.00	1	12.50
Total	98	10	10	10.20

Table 3.5.3 Reasons why staff left the department for the period 1 April 2017 to 31 March 2018

Termination Type	Number	% of Total Resignations
Death	0.00	0.00
Resignation	22	18.48
Expiry of contract	83	69.74
Dismissal – operational changes	0.00	0.00
Dismissal – misconduct	0.00	0.00
Dismissal – inefficiency	0.00	0.00
Discharged due to ill-health	0.00	0.00
Retirement	7.00	5.88
Transfer to other Public Service Departments	7.00	5.88
Other	0.00	0.00
Total	119	99.98
Total number of employees who left as a % of total employment		20.30



Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 to 31 March 2018

Occupation	Employees 1 April 2017	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	9	0.00	0.00	8.00	88.88
Engineers and Related Professionals	1	0.00	0.00	0.00	00.00
Finance and Economics Related	80	0.00	0.00	26.00	32.50
General Legal Administration and Related Professionals	8	0.00	0.00	3.00	37.50
Total	98.00	0.00	0.00	37.00	37.75

Table 3.5.5 Promotions by salary band for the period 1 April 2017 to 31 March 2018

Salary band	Employees 1 April 2017	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)	0.00	0.00	0.00	0.00	0.00
Skilled (level 3-5)	119.00	0.00	0.00	87.00	73.10
Highly skilled production (levels 6-8)	193.00	1.00	0.50	116.00	60.10
Highly skilled supervision (levels 9-12)	171.00	1.00	0.51	154.00	90.10
Senior and Top management (levels 13-16)	95.00	0.00	0.00	60.00	63.20
Other Permanent	47.00	0.00	0.00	0.00	0.00
Total	625	2.00	1.01	417.00	66.70

3.6. Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2018

Occupational category	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Professionals	60	0.00	1.00	3.00	54.00	4.00	2.00	8.00	132
Technicians and associate professionals	86.00	3.00	1.00	2.00	127.00	8.00	6.00	11.00	244
Semi Skilled	11.00	0.00	0.00	1.00	24.00	1.00	0.00	0.00	37
Service and sales workers	14.00	0.00	0.00	0.00	14.00	0.00	1.00	0.00	29
Clerks	53.00	2.00	0.00	3.00	105.00	6.00	4.00	9.00	182
Senior officials and Managers	31.00	0.00	3.00	3.00	25.00	2.00	1.00	3.00	68
Total	236.00	4.00	5.00	12.00	288.00	18.00	10.00	24.00	597
Employees with a disability	4.00	0.00	0.00	1.00	3.00	0.00	1.00	1.00	10

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational band	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	2.00	0.00	2.00	1.00	2.00	0.00	1.00	0.00	8
Senior Management	35.00	0.00	2.00	5.00	24.00	2.00	0.00	4.00	72
Professionally qualified and experienced specialists and mid-management	79.00	1.00	1.00	3.00	81.00	5.00	3.00	11.00	184
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	39.00	1.00	0.00	2.00	75.00	5.00	5.00	8.00	135
Semi-skilled and discretionary decision making	32.00	0.00	0.00	1.00	64.00	2.00	1.00	0.00	100
Total	187	2	5	12	246	15	10	23	499

Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	2.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	3
Senior Management	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3
Professionally qualified and experienced specialists and mid-management	15.00	0.00	0.00	0.00	12.00	0.00	0.00	0.00	27
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	10.00	1.00	0.00	0.00	12.00	2.00	0.00	0.00	25
Semi-skilled and discretionary decision making	12.00	0.00	0.00	0.00	9.00	0.00	0.00	0.00	21
Total	42.00	1.00	0.00	0.00	34.00	2.00	0.00	0.00	79
Employees with a disability	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	1.00	0.00	1.00	2.00	2.00	1.00	0.00	0.00	7
Senior Management	25.00	0.00	1.00	2.00	20.00	2.00	0.00	3.00	53
Professionally qualified and experienced specialists and mid-management	70.00	0.00	0.00	2.00	71.00	4.00	1.00	6.00	154
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	36.00	0.00	0.00	1.00	68.00	3.00	4.00	5.00	117
Semi-skilled and discretionary decision making	25.00	0.00	0.00	1.00	58.00	2.00	1.00	0.00	87
Total	157	0.00	2.00	8.00	219	12	6.00	14.00	418
Employees with a disability	3.00	0.00	0.00	1.00	2.00	0.00	1.00	0.00	7.00



Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Professionally qualified and experienced specialists and mid-management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Semi-skilled and discretionary decision making	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Employees with a disability	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
None	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Legislators, senior officials and managers	39	0.00	1	1	54	6	0.00	1	102
Professionals	62	0.00	1	6	98	11	0.00	4	182
Technicians and associate professionals	32	0.00	0.00	0.00	32	0.00	1	1	66
Clerks (Including Interns & Learners)	51	1	0.00	0.00	169	2	3	1	227
Service and sales workers	12	0.00	0.00	0.00	14	0.00	0.00	0.00	26
Skilled agriculture and fishery workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Craft and related trades workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plant and machine operators and assemblers	2	0.00	0.00	0.00	0	0.00	0.00	0.00	2
Elementary occupations	3	0.00	0.00	0.00	2	0.00	0.00	0.00	5
Total	201	1	2	7	369	19	4	7	610
Employees with a disability	1	0.00	0.00	0.00	1	0.00	1	0.00	3



3.7. Signing of Performance Agreements by SMS Members

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2017

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department (Salary Level 16)	1	1	1	100%
Salary Level 16	0	0	0	0%
Salary Level 15	6	6	6	100%
Salary Level 14	21	15	15	100%
Salary Level 13	64	48	44	91.7%
Total	92	70	66	94.3%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2017

Reasons
Maternity leave

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2017

Reasons
No disciplinary steps taken

3.8. Performance Rewards

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	141.00	232.00	60.80	3651.84	25 900.00
Female	215.96	286.00	75.50	4921.24	22 788.00
Asian					
Male	3.00	5.00	60.00	234.16	78 052.00
Female	7.00	9.00	77.80	166.24	23 749.00
Coloured					
Male	2.00	4.00	50.00	39.73	19 863.00
Female	13.99	18.00	77.70	536.69	38 362.00
White					
Male	6.00	11.00	54.50	365.65	60 941.00
Female	20.00	24.00	83.30	690.31	34 515.00
Total	408.95	589.00	69.70	10605.50	25 867.00

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

Race and Gender	Beneficiary Profile			Cost		Total cost as a 1.5 % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within group	Total Cost (R'000)	Average cost per employee	
Skilled (level 3-5)	98.00	100.00	98.00	963.59	9 833.00	10.8%
Highly skilled production (level 6-8)	117.00	135.00	86.70	1 989.78	17 007.00	22.3%
Highly skilled supervision (level 9-12)	168.00	184.00	91.30	5 757.86	34 273.00	64.4%
11 Contract (Levels 3-5)	0.00	15.00	0.00	0.00	0.00	0%
12 Contract (Levels 6-8)	1.00	30.00	3.30	22.69	22 692.00	0.3%
13 Contract (Levels 9-12)	3.00	35.00	8.60	83.49	27 832.00	0.9%
Total	387.00	499.00	77.60	8 817.42	22 784.00	98.6%

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

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
Library Mail and Related Clerks	6.00	9.00	66.70	128.00	21 333.00
Human Resources Related	7.00	10.00	70.00	261.61	37 372.00
Trade/Industry Advisers & Other Related Profession	1.00	2.00	50.00	18.99	18 987.00
Head Of Department/Chief Executive Officer	0.00	1.00	0.00	0.00	0.00
Language Practitioners Interpreters & Other Communicators	0.00	1.00	0.00	0.00	0.00
General Legal Administration and Related Professionals	4.00	5.00	80.00	99.96	24 989.00
Material-Recording And Transport Clerks	10.00	13.00	76.90	116.35	11 635.00
Other Administrative Policy and Related Officers	1.00	1.00	100.00	48.06	48 062.00
Senior Managers	17.95	65.00	27.60	1 400.25	78 008.00
Client Inform Clerks (Switchb Recept Inform Clerks)	8.00	27.00	29.60	109.44	13 681.00
Economists	10.00	11.00	90.90	385.52	38 552.00
Engineers and Related Professionals	8.00	8.00	100.00	357.88	44 735.00
Other Information Technology Personnel.	8.00	9.00	88.90	189.20	23 650.00
Engineering Sciences Related	1.00	3.00	33.30	59.24	59 238.00
Security Guards	2.00	3.00	66.70	22.46	11 229.00
Food Services Aids and Waiters	6.00	5.00	120.00	49.84	8 307.00
Community Development Workers	0.00	1.00	0.00	0.00	0.00
Librarians and Related Professionals	1.00	1.00	100.00	13.65	13 651.00
Total	414.95	597.00	69.50	10 752.50	25 912.76

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

Salary band	Beneficiary Profile			Cost		Total cost as a 1.5 % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within group	Total Cost (R'000)	Average cost per employee	
Band A	16.99	59.00	28.80	831.74	48 954.50	44.5%
Band B	7.00	20.00	35.00	463.95	66 278.90	24.8%
Band C	3.96	10.00	39.60	488.24	123 291.80	26.1%
Band D	1.00	9.00	11.10	158.16	158 162.80	8.5%
Total	28.95	98.00	29.50	1 942.09	67 084.20	3.26%

3.9. Foreign Workers

Table 3.9.1 Foreign workers by salary band for the period 1 April 2017 to 31 March 2018

Salary band	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled production (levels 6-8)	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled supervision (levels 9-12)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (levels 9-12)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (levels 13-16)	0.0000	0.00	0.00	0.00	0.00	0.00
Total	0.00.00	0.00	0.0000	0.00	0.00	0.00

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2017 to 31 March 2018

Major occupation	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
None	0.00	0.00	0.00	0.00	0.00	0.00

3.10. Leave utilisation

Table 3.10.1 Sick leave for the period 1 January 2017 to 31 December 2017

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)	38,00	97,40	6,00	1,20	6,00	284,00
Contract (levels 3-5)	8,00	25,00	3,00	0,60	3,00	6,00
Contract (levels 6-8)	82,00	53,70	16,00	3,30	5,00	86,00
Contract (levels 9-12)	51,00	66,70	11,00	2,30	5,00	105,00
Contract Other	86,00	44,20	27,00	5,60	3,00	29,00
Lower Skills (levels 1-2)	25,00	100,00	7,00	1,40	4,00	13,00
Skilled (levels 3-5)	596,00	83,90	82,00	16,90	7,00	6 016,00
Highly skilled production (levels 6-8)	909,00	75,50	125,00	25,70	7,00	1 208,00
Highly skilled supervision (levels 9 -12)	1 126,00	74,90	166,00	34,20	7,00	2 688,00
Top and Senior management (levels 13-16)	291,00	84,90	43,00	8,80	7,00	1 151,00
Total	3 212,00	76,50	486,00	100,00	7,00	11 586,00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017

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)
Lower skilled (levels 1-2)	0,00	0,00	0,00	0,00	0,00	0,00
Skilled (levels 3-5)	154,00	100,00	7,00	35,00	22,00	113,00
Highly skilled production (levels 6-8)	73,00	100,00	5,00	25,00	15,00	101,00
Highly skilled supervision (levels 9-12)	210,00	100,00	7,00	35,00	30,00	558,00
Senior management (levels 13-16)	12,00	100,00	1,00	5,00	12,00	44,00
Total	449,00	100,00	20,00	100,00	22,00	816,00

Table 3.10.3 Annual Leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days	Number of Employees using annual leave	Average per employee
Contract (levels 13-16)	176,00	13,00	14,00
Contract (levels 3-5)	94,00	14,00	7,00
Contract (levels 6-8)	207,92	28,00	7,00
Contract (levels 9-12)	197,00	24,00	8,00
Contract Other	557,00	13,00	10,00
Lower Skills (levels 1-2)	38,00	14,00	3,00
Skilled (levels 3-5)	2 130,92	110,00	19,00
Highly skilled production (levels 6-8)	3 179,00	162,00	20,00
Highly skilled supervision (levels 9 -12)	4 572,00	219,00	21,00
Top and Senior management (levels 13-16)	1 633,00	90,00	18,00
Total	12 784,84	687,00	18,6 00

Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017

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 March 2018
Lower skilled (levels 1-2)	0,00	0,00	0,00	0,00
Skilled (levels 3-5)	0,00	0,00	0,00	1,00
Highly skilled production (levels 6-8)	0,00	0,00	0,00	23,00
Highly skilled supervision (levels 9-12)	9,00	2,00	5,00	31,00
Senior management (levels 13-16)	0,00	0,00	0,00	58,00
Total	9,00	2,00	5,00	36,00



Table 3.10.5 Leave payouts for the period 1 April 2017 to 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2016/2017 due to non-utilisation of leave for the previous cycle	0	0	00
Capped leave pay-outs on termination of service for 2017/2018	1 618	47	34 426
Current leave pay-outs on termination of service for 2017/2018	229	6	38 167
Total	1 847	53	34 849

3.11. HIV/AIDS & 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 & related diseases (if any)	Key steps taken to reduce the risk
None	None



Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if 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? <i>If so, provide her/his name and position.</i>	Yes		Ms Palesa Mokalapa Director: Organisational Transformation 012-444 6062/1
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? <i>If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.</i>	Yes		The Department has an Employee Health and Wellness (EHW) unit is at the level of a Sub-Directorate, with two staff members. That is, the EHW coordinator at the Deputy Director level and the EHW Practitioner at the level of an Assistant Director who is a Social Worker by profession registered with South African Council for Social Service Professions (SACSSP).
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? <i>If so, indicate the key elements/services of this Programme.</i>			Provision of onsite and offsite counseling to employees and their dependents on various psychosocial problems. Provision of training services on health promotion, including Wellness Days and Health Calendar events. Provision of trauma debriefing services, including bereavement support.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? <i>If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.</i>	Yes		The following officials are serving in the current committee: Ms Thulisile Raphadi (Account Manager: External EAP service provider) Ms A Bezuidenhout (Branch: Programmes Performance Management) Ms Mokalapa (Deputy Chairperson) Mr D Moodley (Occupational Health & Safety unit) Ms N Diko (Branch: Chief of Operations Officer) Mr M Ramakgale (PSA) Mr B Ntlantsana (Director-General's office) Mr R Mafhala (Organisational Transformation) Mr J Mokolo (Branch: Chief Financial Officer) Ms M Els (Labour Relations) Ms N Ruiters (Human Resource Administration) Mr J Hlongwane (NEHAWU) Ms De Koker (EHW Coordinator) Ms. Mahlaba (EHW Practitioner) Ms Y Nlwemondo (Human Resource Development) Ms Thulisile Raphadi (Account Manager: External EAP service provider)
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? <i>If so, list the employment policies/practices so reviewed.</i>		No	
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? <i>If so, list the key elements of these measures.</i>	Yes		Discrimination against HIV positive employees is dealt with according to the Department's disciplinary code and procedures
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? <i>If so, list the results that you have you achieved.</i>	Yes		20% of total staff members have attended HIV Counseling and Testing (HCT) during quarterly Wellness Days for 2017/2018 year and they know their HIV status
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? <i>If so, list these measures/indicators.</i>	Yes		DPSA Quarterly Integrated EHW Reporting Tools DPSA Annual Integrated EHW Reporting Tool DPSA Annual EHW System Monitoring Tool

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2017 to 31 March 2018

Subject matter	Date
None	
Total number of Collective agreements	None

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 to 31 March 2018

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	2	67
Final written warning	1	33
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	3	100
Total number of Disciplinary hearings finalised	None	

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 to 31 March 2018

Outcomes of disciplinary hearings	Number	% of total
Failure to meet quarterly targets	1	20
Sleeping on duty, dereliction of duty	1	20
Prejudicing the administration, insubordination, failure to execute instruction	1	20
Disregard SCM processes <ul style="list-style-type: none"> Failure to declare relationship with service provider Failed to comply with Treasury Regulations Failure to submit leave applications for recording purposes Failure to comply by submitting completed disclosure forms Failure to keep official documents under control in accordance with policy Procured services of a chairperson in a hearing without declaring relationship 	1	20
Dereliction of duty, sleeping on duty, smelling of alcohol	1	20
Total	5	100

Table 3.12.4 Grievances logged for the period 1 April 2017 to 31 March 2018

Grievances	Number	% of total
Number of grievances resolved	14	70
Number of grievances not resolved	6	30
Total number of grievances lodged	20	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2017 to 31 March 2018

Disputes	Number	% of total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Number of disputes outstanding	4	67
Number of disputes finalised	2	33
Total number of disputes lodged	6	100



Table 3.12.6 Strike actions for the period 1 April 2017 to 31 March 2018

Total number of persons working days lost	0
Total costs 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 2017 to 31 March 2018

Number of people suspended	0
Number of people who's suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension (R'000)	0



3.13. Skills development

Table 3.13.1 Training needs identified for the period 1 April 2017 to 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	29,00	0.00	13,00	2,00	15,00
	Male	27,00	0.00	16,00	1,00	17,00
Professionals	Female	110,00	0.00	116,00	2,00	118,00
	Male	105,00	0.00	65,00	0,00	65,00
Technicians and associate professionals	Female	53,00	0.00	38,00	1,00	39,00
	Male	25,00	0.00	33,00	1,00	34,00
Clerks	Female	141,00	15.00	85,00	3,00	103,00
	Male	59,00	15.00	30,00	2,00	47,00
Service and sales workers	Female	9,00	0.00	5,00	0,00	5,00
	Male	14,00	0.00	9,00	0,00	9,00
Skilled agriculture and fishery workers	Female	0.00	0.00	0,00	0,00	0,00
	Male	0.00	0.00	0,00	0,00	0,00
Craft and related trades workers	Female	0.00	0.00	0,00	0,00	0,00
	Male	0.00	0.00	0,00	0,00	0,00
Plant and machine operators and assemblers	Female	0,00	0.00	0,00	0,00	0,00
	Male	2,00	0.00	1,00	0,00	1,00
Elementary occupations	Female	17,00	0.00	6,00	0,00	6,00
	Male	6,00	0.00	2,00	0,00	2,00
Sub Total	Female	0,00	0.00	263,00	8,00	286,00
	Male	0,00	0.00	156,00	4,00	175,00
Total		597,00	30.00	419,00	12,00	461,00



Table 3.13.2 Training provided for the period 1 April 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	29,00	0,00	61,00	2,00	63,00
	Male	27,00	0,00	41,00	1,00	42,00
Professionals	Female	110,00	0,00	107,00	6,00	113,00
	Male	105,00	0,00	65,00	4,00	69,00
Technicians and associate professionals	Female	53,00	0,00	35,00	1,00	36,00
	Male	25,00	0,00	31,00	1,00	32,00
Clerks	Female	141,00	30,00	133,00	7,00	170,00
	Male	59,00	19,00	38,00	0,00	57,00
Service and sales workers	Female	9,00	0,00	14,00	0,00	14,00
	Male	14,00	0,00	12,00	0,00	12,00
Skilled agriculture and fishery workers	Female	0,00	0,00	0,00	0,00	0,00
	Male	0,00	0,00	0,00	0,00	0,00
Craft and related trades workers	Female	0,00	0,00	0,00	0,00	0,00
	Male	0,00	0,00	0,00	0,00	0,00
Plant and machine operators and assemblers	Female	0,00	0,00	0,00	0,00	0,00
	Male	2,00	0,00	0,00	0,00	0,00
Elementary occupations	Female	17,00	0,00	2,00	0,00	2,00
	Male	6,00	0,00	3,00	0,00	3,00
Sub Total	Female	359,00	30,00	352,00	16,00	398,00
	Male	238,00	19,00	190,00	6,00	215,00
Total		597,00	49,00	542,00	22,00	613,00



3.14. Injury on duty

Table 3.14.1 Injury on duty for the period 1 April 2017 and 31 March 2018

Nature of injury on duty	Number	% of total
Required basic medical attention only	5,00	0,00
Temporary Total Disablement	1,00	0,00
Permanent Disablement	0,00	0,00
Fatal	0,00	0,00
Total	6,00	0.00

3.15. Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2017 and 31 March 2018

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Appointment of Employee Assistance Wellness Programme [EAP] for 12 months appointment	Teams	52 weeks	R152 278.92
Development of Informal Settlements Upgrading Programmes in Local Municipality	Teams	4 weeks	R143 999.99
Bid VA50/215: Develop a Management Performance Assessment tool for the Department's Entities	Teams	20 weeks	R400 140.00
Bid VA50/268: To develop a Campaign Creative Bible to celebrate 4.5 million housing opportunities and partnerships to achieve 6 million opportunities by 2019	Teams	Once-of	R495 000.00
Supply and assistance to the debtors system in DHS by Dimension Data: for 12 months	2	52 weeks	R2 700 000.00
Audit Strategy for the National Department of Human Settlements for the Financial Year 2017/2018	Teams	52 weeks	R9 161 000.00
Training: Business English & Report Writing for 28 attendees for 5 days	1	1 week	R139 720.00
Training: Public Finance Management Act for 30 attendees for 3 days.	1	3 days	R139 050.00
Sita: Training Development and Facilitation (HSS)	1	Sita	R1 418 168.61
Sita: Data lines and Desktop Support Services	1	Sita	R588 616.27
Sita: Shared Virtual Private Network (VPN) Services	1	Sita	R3 522 451.14
Appointment of Peter Harris of HNM Attorneys to assist the Minister in Responding to letter from the Public Protector	1	Once-of	R383 040.00
Verification of Public Service Employees Qualifications by the South African Qualification Authority [SAQA]	1	52 weeks	R380 000.00
Bid VA49/550: Development of Informal Settlements Upgrading Programmes in Kgetleng River, Maquassi Hills and Tlokwe Local Municipalities	Teams	48 weeks	R1 893 540.00
Bid VA49/481 - To provide daily media monitoring and analysis for the Ministry, DG and DHS	Teams	52 weeks	R1 286 215.00
Bid VA49/488 - Render Cleaning and Hygiene Services to DHS for 36 months. Appointment for this FY 12 months @ R132 920.84 pm	1	52 weeks	R1 595 050.08
Bid VA50/262: Drafting of Rental Housing Amendment.	1	Once-of	R438 600.00
Security Maintenance of Electronic Security Systems for 12 months	1	52 weeks	R143 640.00
Renewal of Licence - Arcgis Licence - Software - ICT approval 30 July 2017 - No. 34638	1	52 weeks	R148 770.00
SITA DHS Migration from Novell to Microsoft Exchange Platform	1	Sita	R5 927 567.50
Security Guarding Services for a period of 2 months – 260 and 240 Justice Mohamed Street, Sunnyside - Start on 1 Aug 2017- 30 Sept 2017	1	8 weeks	R269 040.00

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Bid VA50/263 Development of Informal Settlements Upgrading Programmes in Midvaal and Lesedi Municipalities in Sedibeng, City of Tshwane and City of Johannesburg Municipalities	Teams	6 weeks	R450 300.00
Bid VA50/264: Development of Informal Settlements Upgrading Programmes in Mpumalanga Province	Teams	6 weeks	R492 480.00
Renewal of Sita Novell Consulting Hours for administration for all sites of the servers for DHS	1	Sita	R1 244 880.00
Bid VA50/265: Development of Informal Settlements Upgrading Programmes in North West Province Municipalities	Teams	6 weeks	R486 780.00
Bid VA50/285: The Editing of Department of Human Settlements Annual Report 2016-2017	Teams	Once-of	R176 787.21
Training on King IV Report and Corporate Governance Effectiveness for Audit Committee Members and Executive Management Team for 2 days – 25 delegates	1	2 days	R156 134.40
Audit Strategy for the National Department of Human Settlements for the Financial Year 2017/2018	1	52 weeks	R3 875 886.76
Security Guarding Services for a period of 2 months – 260 and 240 Justice Mohamed Street – Sunnyside- Start on 1 October 2017- 31 November 2017	1	8 weeks	R251 928.00
Security Electronic systems for supply and Install access control – 260 Justice Mahomed Street - Sunnyside	1	Once-of	R289 450.00
Training – Power Speaking for 40 Officials for 3 days	1	3 days	R140 904.00
Advisory Services: Drafting of the Human Settlements Development Bank Bill, 2016	1	Once-of	R395 808.00
Appointment for the Govan Mbeki National Awards 2017 – External Auditor	1	Once-of	R210 900.00
Maintenance of Security Electronic systems for Access Control, CCTV, X-Ray Machines, Walk Trough Detectors, etc.. – 240 and 260 Justice Mahomed Street - Sunnyside	1	52 weeks	R270 756.00
Training – Risk Management for Risk Champions for 16 Officials for 2 days	1	2 days	R124 852.40
SITA: Server and Administration Services	1	Sita	R1 579 269.69
SITA: Information and Data Management (HSS)	1	Sita	R1 225 281.35
SITA: Application Maintenance – Functional Support	1	Sita	R2 001 971.10
SITA: Training Development and Facilitation	1	Sita	R5 476 070.67
SITA: Application Maintenance – Testing Services (HSS)	1	Sita	R1 824 228.00
SITA: Application Maintenance – Reporting Services (HSS)	1	Sita	R2 235 357.60
SITA: Application Maintenance – (HSS)	1	Sita	R4 429 997.24
Security Background Screening for 24 Months [HR and Bid's]	1	52 weeks	R170 810.00
Sita Mainframe costs for BAS – IBM PRDHA	1	Sita	R350 000.00



Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Security Guarding Services for a period of 2 months – 260 and 240 Justice Mohamed Street, Sunnyside Start on 1 December 2017- 31 January 2018	1	8 weeks	R458 142.00
Appointment of Employee Assistance Wellness Programme [EAP] for 12 months appointment	1	52 weeks	R467 101.85
Add Printing of the existing Annual Report 2016 in A4 --300 copies	1	Once-of	R277 500.00
VA49/461: Municipal Accreditation Capacity and Compliance Assessment Panel	1	Once-of	R202 160.00
Security Guarding Services for a period of 2 months – 260 and 240 Justice Mohamed Street – Sunnyside- Start on 1 February 2018- 31 March 2018	1	8 weeks	R375 120.00
Security Systems: Supply and Installation of the Library Security System at 240 JMS - Sunnyside	1	Once-of	R110 575.00
Bid VA49/585 Development of Informal Settlements Upgrading Programme in City of Tshwane Metropolitan Municipality [CTMM] - Region 7	Teams	31 weeks	R1 998 958.00
Bid VA49/586 Development of Informal Settlements Upgrading Programme in Lesedi Local Municipality (LLM)	Teams	31 weeks	R829 008.00
Bid VA49/585 Region 4 - Development of Informal Settlements Upgrading Programme in City of Tshwane Metropolitan Municipality (CTMM)	Teams	31 weeks	R1 203 000.00
Bid VA49/583 Development of Informal Settlements Upgrading Programme in Buffalo City Metropolitan Municipality	Teams	31 weeks	R1 812 486.00
Bid VA49/585 Development of Informal Settlements Upgrading Programme in City of Tshwane Metropolitan Municipality [CTMM] - Region 3	Teams	31 weeks	R1 265 142.00
Bid VA49/584 Development of Informal Settlements Upgrading Programme in City of Johannesburg Metropolitan Municipality [CJMM] - Region D	Teams	31 weeks	R1 957 072.20
Bid VA49/585 Development of Informal Settlements Upgrading Programme in City of Tshwane Metropolitan Municipality [CTMM] - Region 5	Teams	31 weeks	R2 784 055.02
Bid VA49/585 Development of Informal Settlements Upgrading Programme in City of Tshwane Metropolitan Municipality [CTMM] - Region 2	Teams	31 weeks	R1 081 609.98
Bid VA49/584 –Development of Informal Settlements Upgrading Programme in City of Johannesburg Metropolitan Municipality [CJMM] - Region F	Teams	31 weeks	R1 989 311.40
Bid VA49/588 Development of Informal Settlements Upgrading Programme in Nelson Mandela Bay Metropolitan Municipality - Informal Settlements: 19 to 36	Teams	31 weeks	R2 117 550.00
Bid VA49/588 Development of Informal Settlements Upgrading Programme in Nelson Mandela Bay Metropolitan Municipality Informal Settlements: 1 to 18	Teams	31 weeks	R2 117 550.00
Bid VA49/587 Development of Informal Settlements Upgrading Programme Midvaal Local Municipality – Gauteng Province - Informal Settlements: 1 to 18	Teams	31 weeks	R595 333.08
Bid VA49/587 Development of Informal Settlements Upgrading Programme Midvaal Local Municipality – Gauteng Province - Informal Settlements: 19 to 36	Teams	31 weeks	R595 333.08



Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
Bid VA50/259: Appointment of Service Provider to Evaluate Interventions by the Department of Human Settlements to Facilitate Access to the City of the Poor	1	Once-of	R997 472.00
Bid VA50/293: Proof Reading, Editing & Printing of the BNG Human Settlements Sector Journal – 3rd Edition	Teams	Once-of	R315 096.00
Bid VA50/260: Appointment of a service provider to Investigate the Amendment of the National Housing Programme: Emergency Housing Assistance Programme	1	Once-of	R274 329.60
Security Guarding Services for a period of 2 months – 260 and 240 Justice Mohamed Street, Sunnyside Start on 1 April 2018- 31 May 2018	1	Once-of	R354 000.00

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 to 31 March 2018

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 2017 to 31 March 2018

Project title	Total Number of consultants that worked on project	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

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

3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2017 and 31 March 2018

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 Skills (levels 1-2)	0.00	0.00	0.00	0.00
Skilled (levels 3-5)	0.00	0.00	0.00	0.00
Highly skilled production (levels 6-8)	0.00	0.00	0.00	0.00
Highly skilled supervision (levels 9 -12)	0.00	0.00	0.00	0.00
Senior management (levels 13-16)	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00



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 194, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, 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 2018, and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury, 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, 2017 (Act No. 03 of 2017) (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 the International Ethics Standards Board for Accountants' code of ethics for professional accountants (IESBA code) 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 code.
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 pages 195 to 204, 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 and the requirements of the PFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation 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 ability of the National Department of Human Settlements to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the accounting officer 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 misstatements, 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.

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 2018.

Programmes		Pages in the annual performance report
Programme 2	Human Settlements Policy, Strategy and Planning	44 - 46
Programme 3	Human Settlements Delivery Support	51 - 56
Programme 4	Housing Development Finance	59 - 61

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 related 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 2: Human Settlements Policy, Strategy and Planning

Various indicators

17. The department did not have an adequate record keeping system to enable reliable reporting on the 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 with 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 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.

Indicator description	Reported achievement
Number of pre and post 1994 title deeds issued	41 841
Number of title deeds for new subsidy houses issued	41 841
Number of hectares of well-located land <i>acquired</i> and <i>released</i> for new developments	3,329,446
Number of hectares of well-located land <i>rezoned</i> for new developments	1,574,6851

Programme 3: Human Settlements Delivery Support

Number of non-statutory military veterans housed

18. The reported achievement of 480 from a target of 1,700 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 the 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 with 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.



Various indicators

19. 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:

Indicator description	Reported achievement
Number of households in informal settlements upgraded	89 670
Number of individual units provided for subsidy housing submarket	86 131
Number of private affordable rental housing opportunities delivered	3 506
Number of Community Residential Units (CRUs) delivered	546
Percentage of projects under implementation monitored and verified (HSDG and USDG)	99%

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



Programme 4: Housing Development Finance

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on pages 29 to 61 for information on the achievement of planned targets for the year under review, and explanations provided for the under and over achievement of a number of targets. 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 19 of this report.

Adjustment of material misstatements

23. 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, and programme 4: housing development finance. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

24. 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.

25. I did not raise material findings on compliance with specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other Information

26. 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 the annual performance report that have been specifically reported in this auditor's report.

27. 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.

28. 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.

29. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

30. 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.

Leadership

31. Leadership did not exercise effective oversight with regard to performance reporting.

Financial and performance management

32. 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.

33. 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 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 related to reported performance information for selected programmes, and on the department's compliance with respect to the selected subject matter.

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, in order 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 controls.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 ability of the National Department of Human Settlements 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.

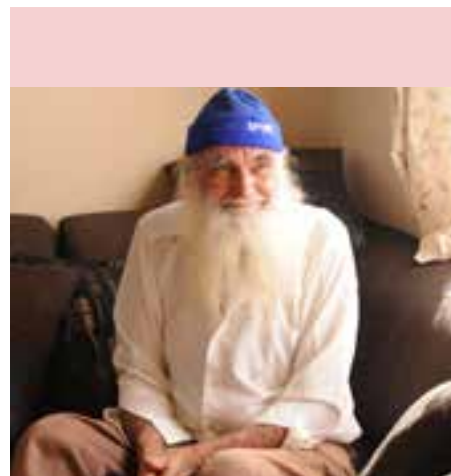


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APPROPRIATION STATEMENT for the year ended 31 March 2018

Appropriation per programme

	2017/2018							2016/2017	
	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	471,506	-	(7,437)	464 069	419 775	44 294	90.5	455 459	420 897
2. Human Settlements Policy, Strategy and Planning	93,573	-	17,680	111 253	99 854	11 399	89.8	92 275	86 600
3. Human Settlements Delivery Support	216,862	-	(11,743)	205 119	156 547	48 572	76.3	217 685	151 742
4. Housing Development Finance	32,695,760	-	1,500	32 697 260	32 694 309	2 951	100.0	29 930 937	29 927 992
TOTAL	33,477,701	-	-	33 477 701	33 370 485	107 216	99.7	30 696 356	30 587 231

	2017/2018	
	Final Appropriation	Actual Expenditure
Reconciliation with statement of financial performance	R'000	R'000
ADD		
Departmental receipts	603	
NRF Receipts	-	
Aid assistance	1,578	
Actual amounts per statement of financial performance (total revenue)	33,479,882	
ADD		1348
Aid assistance		
Prior year unauthorised expenditure approved without funding		
Actual amounts per statement of financial performance (total expenditure)		33,371,833

2016/2017	
Final Appropriation	Actual Expenditure
R'000	R'000
539	
-	
693	
30,697,588	
	66
	30,587,297





APPROPRIATION STATEMENT for the year ended 31 March 2018

Appropriation per economic classification

	2017/2018							2016/2017	
	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
Inventory: Other supplies	-	-	-	-	-	-	-	17	-
Consumable supplies	3,421	(248)	-	3,173	2,269	904	71.5%	1,339	1,230
Consumable: Stationery, printing and office supplies	9,355	(3,244)	-	6,111	4,575	1,536	74.9%	4,464	3,328
Operating leases	29,034	11,413	-	40,447	40,223	224	99.4%	38,446	38,228
Property payments	15,010	(4,706)	-	10,304	9,907	397	96.1%	9,161	9,129
Travel and subsistence	50,900	26,388	1,250	78,538	71,051	7,487	90.5%	70,875	69,869
Training and development	4,911	(1,164)	-	3,747	2,768	979	73.9%	2,752	2,752
Operating payments	11,209	(2,769)	-	8,440	6,976	1,464	82.7%	8,036	6,793
Venues and facilities	10,712	19,852	5,190	35,754	34,676	1,078	97.0%	29,902	29,025
Interest and rent on land	-	-	-	-	-	-	-	12	12
Interest	-	-	-	-	-	-	-	12	12
Transfers and subsidies	32,531,943	1,362	10,937	32,544,242	32,543,272	970	100.0%	29,823,992	29,822,601
Provinces and municipalities	31,351,590	-	-	31,351,590	31,351,590	-	100.0%	29,123,459	29,123,459
Provinces	19,969,343	-	-	19,969,343	19,969,343	-	100.0%	18,283,991	18,283,991
Provincial Revenue Funds	19,969,343	-	-	19,969,343	19,969,343	-	100.0%	18,283,991	18,283,991
Municipalities	11,382,247	-	-	11,382,247	11,382,247	-	100.0%	10,839,468	10,839,468
Municipal bank accounts	11,382,247	-	-	11,382,247	11,382,247	-	100.0%	10,839,468	10,839,468
Departmental agencies and accounts	1,167,031	-	-	1,167,031	1,167,031	-	100.0%	682,395	682,395
Departmental agencies and accounts	1,167,031	-	-	1,167,031	1,167,031	-	100.0%	682,395	682,395
Higher education institutions	-	-	-	-	-	-	-	3,500	3,500
Foreign governments and international organisations	1,475	49	597	2,121	2,121	-	100.0%	1,924	1,923



APPROPRIATION STATEMENT for the year ended 31 March 2018

Appropriation per economic classification	2017/2018							2016/2017	
	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
Public corporations and private enterprises	1,500	-	10,340	11,840	10,932	908	92.3%	5,000	5,000
Public corporations	1,500	-	10,340	11,840	10,932	908	92.3%	5,000	5,000
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	1,500	-	10,340	11,840	10,932	908	92.3%	5,000	5,000
Households	10,347	1,313	-	11,660	11,598	62	99.5%	7,714	6,324
Social benefits	-	1,792	-	1,792	1,778	14	99.2%	1,573	1,479
Other transfers to households	10,347	(479)	-	9,868	9,820	48	99.5%	6,141	4,845
Payments for capital assets	22,842	1,351	-	24,193	18,580	5,613	76.8%	26,168	6,611
Machinery and equipment	22,842	1,351	-	24,193	18,580	5,613	76.8%	24,433	6,540
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	22,842	1,351	-	24,193	18,580	5,613	76.8%	24,433	6,540
Intangible assets	-	-	-	-	-	-	-	1,735	71
Payments for financial assets	150,050	430	-	150,480	150,471	9	100.0%	100,231	100,222
	33,477,701	-	-	33,477,701	33,370,485	107,216	99.7%	30,696,356	30,587,231



APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 1: Administration

	2017/2018							2016/2017	
	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. Ministry	63,488	17,930	-	81,418	73,924	7,494	90.8%	69,051	75,621
2. Departmental Management	101,479	(23,755)	(12,437)	65,287	54,544	10,743	83.5%	81,561	63,882
3. Corporate Services	209,896	(1,818)	5,000	213,078	191,162	21,916	89.7%	209,289	189,215
4. Property Management	41,097	7,467	-	48,564	48,086	478	99.0%	47,125	47,093
5. Financial Management	55,546	176	-	55,722	52,059	3,663	93.4%	48,433	45,086
Total for sub programmes	471,506	-	(7,437)	464,069	419,775	44,294	90.5%	455,459	420,897
Economic classification									
Current payments	451,225	(1,702)	(7,437)	442,086	401,799	40,287	90.9%	431,770	414,030
Compensation of employees	224,770	-	-	224,770	207,209	17,561	92.2%	216,459	194,399
Salaries and wages	108,072	13,234	-	193,306	184,867	8,439	95.6%	186,068	172,825
Social contributions	44,698	(13,234)	-	31,464	22,342	9,122	71.0%	30,391	21,574
Goods and services	226,455	(1,702)	(7,437)	217,316	194,590	22,726	89.5%	215,311	219,631
Administrative fees	513	775	-	1,288	1,247	41	96.8%	328	227
Advertising	19,686	(2,490)	2,000	19,196	18,478	718	96.3%	13,270	13,261
Minor assets	3,034	(1,955)	-	1,079	315	764	29.2%	555	554
Audit costs: External	9,161	903	-	10,064	10,054	10	99.9%	7,481	7,481
Bursaries: Employees	1,319	-	-	1,319	947	372	71.8%	818	818
Catering: Departmental activities	2,625	(428)	-	2,197	1,937	260	88.2%	973	1,301
Communication	6,841	661	-	7,502	6,558	944	87.4%	7,186	7,135
Computer services	33,776	(5,938)	-	27,838	19,362	8,476	69.6%	42,067	41,496
Consultants: Business and advisory services	41,665	(23,656)	(12,437)	5,572	3,921	1,651	70.4%	19,072	18,266
Legal services	3,570	301	3,000	6,871	5,866	1,005	85.4%	1,351	1,351
Contractors	5,952	512	-	6,464	5,710	754	88.3%	5,935	5,995
Agency and support/outsourced services	196	(121)	-	75	-	75	-	2,281	2,432



APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 1: Administration	2017/2018							2016/2017	
	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
Entertainment	584	(271)	-	313	149	164	47.6%	154	152
Fleet services	2,018	(370)	-	1,648	1,369	279	83.1%	1,250	1,284
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	5	-	5	-	5	-	105	94
Inventory: Materials and supplies	6	(6)	-	-	-	-	-	36	35
Inventory: Medical supplies	-	-	-	-	-	-	-	-	1
Inventory: Other supplies	-	-	-	-	-	-	-	12	-
Consumable supplies	2,418	(562)	-	1,856	1,296	560	69.8%	963	970
Consumable: Stationery, printing and office supplies	5,944	(1,629)	-	4,315	3,588	727	83.2%	2,251	2,243
Operating leases	28,737	11,633	-	40,370	40,223	147	99.6%	38,228	38,228
Property payments	15,010	(4,706)	-	10,304	9,907	397	96.1%	9,161	9,129
Travel and subsistence	25,560	19,719	-	45,279	42,395	2,884	93.6%	37,707	43,048
Training and development	4,911	(1,164)	-	3,747	2,768	979	73.9%	2,752	2,752
Operating payments	7,648	(3,098)	-	4,550	3,799	751	83.5%	3,269	3,274
Venues and facilities	5,281	10,183	-	15,464	14,701	763	95.1%	18,106	18,104
Transfers and subsidies	281	458	-	739	684	55	92.6%	1,568	1,521
Households	281	458	-	739	684	55	92.6%	1,568	1,521
Social benefits	235	458	-	693	684	9	98.7%	1,372	1,371
Other transfers to households	46	-	-	46	-	46	-	196	150



APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 1: Administration

	2017/2018							2016/2017	
	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	19,950	1,030	-	20,980	17,034	3,946	81.2%	21,963	5,189
Buildings and other fixed structures									
Machinery and equipment	19,950	1,030	-	20,980	17,034	3,946	81.2%	21,636	5,132
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	19,950	1,030	-	20,980	17,034	3,946	81.2%	21,636	5,132
Intangible assets	-	-	-	-	-	-	-	327	57
Payments for financial assets	50	214	-	264	258	6	97.7%	158	157
	471,506	-	(7,437)	464,069	419,775	44,294	90.5%	455,459	420,897

1.1 Ministry

	2017/2018							2016/2017	
	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
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	62,242	17,656	-	79,898	72,998	6,900	91.4%	67,757	74,903
Compensation of employees	37,125	-	-	37,125	31,759	5,366	85.5%	34,630	33,700
Goods and services	25,117	17,656	-	42,773	41,239	1,534	96.4%	33,127	41,203
Transfers and subsidies	35	211	-	246	241	5	98.0%	79	79
Households	35	211	-	246	241	5	98.0%	79	79
Payments for capital assets	1,166	-	-	1,166	580	586	49.7%	1,118	542
Buildings and other fixed structures									
Machinery and equipment	1,166	-	-	1,166	580	586	49.7%	1,097	523
Payments for financial assets	45	63	-	108	105	3	97.2%	97	97
	63,488	17,930	-	81,418	73,924	7,494	90.8%	69,051	75,621



APPROPRIATION STATEMENT for the year ended 31 March 2018

1.2 Departmental Management

	2017/2018							2016/2017	
	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	100,264	(24,030)	(12,437)	63,797	53,782	10,015	84.3%	79,599	62,604
Compensation of employees	48,059	(4)	-	48,055	43,330	4,725	90.2%	50,278	36,167
Goods and services	52,205	(24,026)	(12,437)	15,742	10,452	5,290	66.4%	29,321	26,437
Transfers and subsidies	-	104	-	104	103	1	99.0%	321	320
Households	-	104	-	104	103	1	99.0%	321	320
Payments for capital assets	1,215	170	-	1,385	658	727	47.5%	1,629	947
Buildings and other fixed structures									
Machinery and equipment									
Other machinery and equipment	1,215	170	-	1,385	658	727	47.5%	1,629	947
Payments for financial assets	-	1	-	1	1	-	100.0%	12	11
	101,479	(23,755)	(12,437)	65,287	54,544	10,743	83.5%	81,561	63,882

1.3 Corporate Services

	2017/2018							2016/2017	
	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	192,702	(2,900)	5,000	194,802	175,364	19,438	90.0%	189,975	185,353
Compensation of employees	102,472	4	-	102,476	98,272	4,204	95.9%	97,545	93,721
Goods and services	90,230	(2,904)	5,000	92,326	77,092	15,234	83.5%	92,430	91,632
Transfers and subsidies	246	132	-	378	330	48	87.3%	797	751
Households	246	132	-	378	330	48	87.3%	797	751
Payments for capital assets	16,943	860	-	17,803	15,376	2,427	86.4%	18,478	3,072
Other machinery and equipment	16,943	860	-	17,803	15,376	2,427	86.4%	18,172	3,034
Intangible assets	-	-	-	-	-	-	-	306	38
Payments for financial assets	5	90	-	95	92	3	96.8%	39	39
	209,896	(1,818)	5,000	213,078	191,162	21,916	89.7%	209,289	189,215



APPROPRIATION STATEMENT for the year ended 31 March 2018

1.4 Property Management

	2017/2018							2016/2017	
	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	7,467	-	48,564	48,086	478	99.0%	47,125	47,093
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	41,097	7,467	-	48,564	48,086	478	99.0%	47,125	47,093
	41,097	7,467	-	48,564	48,086	478	99.0%	47,125	47,093

1.5 Financial Management

	2017/2018							2016/2017	
	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	54,920	105	-	55,025	51,569	3,456	93.7%	47,314	44,077
Compensation of employees	37,114	-	-	37,114	33,848	3,266	91.2%	34,006	30,811
Goods and services	17,806	105	-	17,911	17,721	190	98.9%	13,308	13,266
Transfers and subsidies	-	11	-	11	10	1	90.9%	371	371
Households	-	11	-	11	10	1	90.9%	371	371
Payments for capital assets	626	-	-	626	420	206	67.1%	738	628
Payments for financial assets	-	60	-	60	60	-	100.0%	10	10
	55,546	176	-	55,722	52,059	3,663	93.4%	48,433	45,086



APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 2: Human Settlements Policy, Strategy and Planning	2017/2018							2016/2017	
	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	7,730	226	-	7,956	7,067	889	88.8%	8,357	7,561
2. Human settlements policy frameworks	32,143	571	-	32,714	29,685	3,029	90.7%	30,379	27,949
3. Human settlements strategy and planning	53,700	(797)	17,680	70,583	63,102	7,481	89.4%	53,539	51,090
Total for sub programmes	93,573	-	17,680	111,253	99,854	11,399	89.8%	92,275	86,600
Economic classification									
Current payments	89,185	(899)	6,743	95,029	85,224	9,805	89.7%	84,047	79,016
Compensation of employees	63,892	-	-	63,892	57,583	6,309	90.1%	55,724	53,422
Salaries and wages	55,923	438	-	56,361	52,095	4,266	92.4%	49,563	48,302
Social contributions	7,969	(438)	-	7,531	5,488	2,043	72.9%	6,161	5,120
Goods and services	25,293	(899)	6,743	31,137	27,641	3,496	88.8%	28,320	25,591
Advertising	385	(91)	-	294	288	6	98.0%	127	121
Minor assets	603	(428)	-	175	76	99	43.4%	162	27
Catering: Departmental activities	852	132	-	984	870	114	88.4%	606	521
Communication	1,419	408	-	1,827	1,705	122	93.3%	1,440	1,257
Computer services	1	5	-	6	5	1	83.3%	1	1
Consultants: Business and advisory services	5,811	(1,606)	787	4,992	3,362	1,630	67.3%	1,733	1,099
Legal services	75	231	2,516	2,822	2,821	1	100.0%	28	24
Contractors	56	(2)	-	54	17	37	31.5%	40	19
Entertainment	-	-	-	-	-	-	-	142	104
Inventory: Clothing material and supplies	12	(12)	-	-	-	-	-	19	4
Inventory: Materials and supplies	12	(12)	-	-	-	-	-	19	4



APPROPRIATION STATEMENT for the year ended 31 March 2018

*Programme 2: Human Settlements
Policy, Strategy and Planning*

	2017/2018							2016/2017	
	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
Consumable supplies	673	354	-	1,027	922	105	89.8%	278	226
Consumable: Stationery, printing and office supplies	816	(236)	-	580	311	269	53.6%	578	414
Travel and subsistence	10,538	1,089	950	12,577	11,624	953	92.4%	15,860	14,821
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	901	(635)	-	266	142	124	53.4%	620	416
Venues and facilities	3,151	(108)	2,490	5,533	5,498	35	99.4%	6,686	6,537
Interest and rent on land	-	-	-	-	-	-	-	3	3
Interest	-	-	-	-	-	-	-	3	3
Transfers and subsidies	3,096	749	10,937	14,782	13,869	913	93.8%	7,030	7,028
Foreign governments and international organisations	1,475	49	597	2,121	2,121	-	100.0%	1,924	1,923
Public corporations and private enterprises	1,500	-	10,340	11,840	10,932	908	92.3%	5,000	5,000
Public corporations	1,500	-	10,340	11,840	10,932	908	92.3%	5,000	5,000
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	1,500	-	10,340	11,840	10,932	908	92.3%	5,000	5,000
Households	121	700	-	821	816	5	99.4%	106	105
Social benefits	121	700	-	821	816	5	99.4%	11	-
Other transfers to households	-	-	-	-	-	-	-	95	105
Payments for capital assets	1,292	141	-	1,433	754	679	52.6%	1,186	546
Machinery and equipment	1,292	141	-	1,433	754	679	52.6%	1,186	546
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1,292	141	-	1,433	754	679	52.6%	1,186	546
Payments for financial assets	-	9	-	9	7	2	77.8%	12	10
Total	93,573	-	17,680	111,253	99,854	11,399	89.8%	92,275	86,600



APPROPRIATION STATEMENT for the year ended 31 March 2018

2.1 Management for Policy, Strategy
And Planning

	2017/2018							2016/2017	
	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	7,595	157	-	7,752	6,948	804	89.6%	8,205	7,506
Compensation of employees	5,136	719	-	5,855	5,833	22	99.6%	5,838	5,778
Goods and services	2,459	(562)	-	1,897	1,115	782	58.8%	2,367	1,728
Transfers and subsidies	-	25	-	25	24	1	96.0%	-	-
Households	-	25	-	25	24	1	96.0%	-	-
Payments for capital assets	135	44	-	179	95	84	53.1%	142	47
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	135	44	-	179	95	84	53.1%	142	47
Payments for financial assets	-	-	-	-	-	-	-	10	8
	7,730	226	-	7,956	7,067	889	88.8%	8,357	7,561

2.2 Human Settlements Policy
Framework

	2017/2018							2016/2017	
	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	31,750	(134)	-	31,616	28,747	2,869	90.9%	29,981	27,719
Compensation of employees	24,445	(699)	-	23,746	21,195	2,551	89.3%	22,126	19,927
Goods and services	7,305	565	-	7,870	7,552	318	96.0%	7,855	7,792
Transfers and subsidies	51	674	-	725	725	-	100.0%	11	10
Households	51	674	-	725	725	-	100.0%	11	10
Payments for capital assets	342	27	-	369	211	158	57.2%	385	218
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	342	27	-	369	211	158	57.2%	385	218
Payments for financial assets	-	4	-	4	2	2	50.0%	2	2
	32,143	571	-	32,714	29,685	3,029	90.7%	30,379	27,949



APPROPRIATION STATEMENT for the year ended 31 March 2018

2.3 Human Settlements Strategy
and Planning

	2017/2018							2016/2017	
	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	49,840	(922)	6,743	55,661	49,529	6,132	89.0%	45,861	43,791
Compensation of employees	34,311	(20)	-	34,291	30,555	3,736	89.1%	27,760	27,717
Goods and services	15,529	(902)	6,743	21,370	18,974	2,396	88.8%	18,098	16,071
Interest and rent on land	-	-	-	-	-	-	-	3	3
Transfers and subsidies									
Foreign governments and international organisations	1,475	49	597	2,121	2,121	-	100.0%	1,924	1,923
Public corporations and private enterprises	1,500	-	10,340	11,840	10,932	908	92.3%	5,000	5,000
Households	70	1	-	71	67	4	94.4%	95	95
Payments for capital assets	815	70	-	885	448	437	50.6%	659	281
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	815	70	-	885	448	437	50.6%	659	281
Payments for financial assets	-	5	-	5	5	-	100.0%	-	-
	53,700	(797)	17,680	70,583	63,102	7,481	89.4%	53,539	51,090



APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 3: Human Settlements Delivery Support	2017/2018							2016/2017	
	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	9,403	5,426	-	14,829	11,248	3,581	75.9%	9,240	6,837
2. Programme management unit	159,291	(6,549)	(11,743)	140,999	102,148	38,851	72.4%	151,708	99,926
3. Chief of operations	48,168	1,123	-	49,291	43,151	6,140	87.5%	56,737	44,979
Total for sub programmes	216,862	-	(11,743)	205,119	156,547	48,572	76.3%	217,685	151,742
Economic classification									
Current payments	205,656	(442)	(11,743)	193,471	145,695	47,776	75.3%	205,317	142,702
Compensation of employees	74,700	-	-	74,700	62,129	12,571	83.2%	81,259	59,933
Salaries and wages	63,136	1,097	-	64,233	55,920	8,313	87.1%	73,618	53,705
Social contributions	11,564	(1,097)	-	10,467	6,209	4,258	59.3%	7,641	6,228
Goods and services	130,956	(442)	(11,743)	118,771	83,566	35,205	70.4%	124,049	82,760
Administrative fees	60	-	-	60	27	33	45.0%	60	17
Advertising	220	849	2,500	3,569	3,463	106	97.0%	119	119
Minor assets	741	(34)	-	707	-	707	-	309	38
Bursaries: Employees	-	-	-	-	-	-	-	18	16
Catering: Departmental activities	656	222	-	878	916	(38)	104.3%	505	340
Communication	1,845	335	-	2,180	1,773	407	81.3%	1,503	1,002
Computer services	27,460	(1,473)	(5,000)	20,987	14,534	6,453	69.3%	24,939	11,764
Consultants: Business and advisory services	79,237	(12,215)	(21,743)	45,279	22,289	22,990	49.2%	71,787	51,303
Legal services	877	(877)	-	-	-	-	-	-	-
Contractors	349	629	9,500	10,478	10,019	459	95.6%	1,693	1,580
Agency and support/ outsourced services	673	(593)	-	80	-	80	-	610	602
Entertainment	183	(78)	-	105	28	77	26.7%	67	15



APPROPRIATION STATEMENT for the year ended 31 March 2018

*Programme 3: Human Settlements
Delivery Support*

	2017/2018							2016/2017	
	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
Fleet services	-	1	-	1	-	1	-	2	-
Inventory: Clothing material and supplies	-	6	-	6	-	6	-	-	-
Inventory: Materials and supplies	6	(6)	-	-	-	-	-	12	3
Consumable supplies	270	(41)	-	229	50	179	21.8%	59	33
Consumable: Stationery, printing and office supplies	2,206	(1,238)	-	968	524	444	54.1%	1,366	605
Operating leases	297	(220)	-	77	-	77	-	218	-
Travel and subsistence	12,332	5,350	300	17,982	15,374	2,608	85.5%	14,854	10,497
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	1,470	(836)	-	634	248	386	39.1%	1,077	485
Venues and facilities	2,074	9,777	2,700	14,551	14,321	230	98.4%	4,851	4,341
Interest and rent on land	-	-	-	-	-	-	-	9	9
Interest	-	-	-	-	-	-	-	9	9
Transfers and subsidies	9,945	155	-	10,100	10,098	2	100.0%	9,530	8,195
Higher education institutions	-	-	-	-	-	-	-	3,500	3,500
Households	9,945	155	-	10,100	10,098	2	100.0%	6,030	4,695
Social benefits	123	155	-	278	278	-	100.0%	183	108
Other transfers to households	9,822	-	-	9,822	9,820	2	100.0%	5,847	4,587
Payments for capital assets	1,261	80	-	1,341	548	793	40.9%	2,777	790
Machinery and equipment	1,261	80	-	1,341	548	793	40.9%	1,369	776
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1,261	80	-	1,341	548	793	40.9%	1,369	776
Intangible assets	-	-	-	-	-	-	-	1,408	14
Payments for financial assets	-	207	-	207	206	1	99.5%	61	55
Total	216,862	-	(11,743)	205,119	156,547	48,572	76.3%	217,685	151,742



APPROPRIATION STATEMENT for the year ended 31 March 2018

3.1 Management for Human Settlements Delivery Support

	2017/2018							2016/2017	
	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	9,113	5,426	-	14,539	11,063	3,476	76.1%	9,058	6,702
Compensation of employees	6,127	1,793	-	7,920	6,808	1,112	86.0%	6,058	5,574
Goods and services	2,986	3,633	-	6,619	4,255	2,364	64.3%	2,991	1,119
Interest and rent on land	-	-	-	-	-	-	-	9	9
Transfers and subsidies	123	-	-	123	123	-	100.0%	-	-
Households	123	-	-	123	123	-	100.0%	-	-
Payments for capital assets	167	-	-	167	62	105	37.1%	182	135
Machinery and equipment	167	-	-	167	62	105	37.1%	182	135
	9,403	5,426	-	14,829	11,248	3,581	75.9%	9,240	6,837

3.2 Programme Management Unit

	2017/2018							2016/2017	
	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	158,679	(6,684)	(11,743)	140,252	101,818	38,434	72.6%	149,517	99,489
Compensation of employees	41,118	(1,793)	-	39,325	32,289	7,036	82.1%	45,722	29,379
Goods and services	117,561	(4,891)	(11,743)	100,927	69,529	31,398	68.9%	103,795	70,110
Transfers and subsidies	-	28	-	28	28	-	100.0%	110	96
Households	-	28	-	28	28	-	100.0%	110	96
Payments for capital assets	612	80	-	692	276	416	39.9%	2,031	296
Machinery and equipment	612	80	-	692	276	416	39.9%	623	282
Intangible assets	-	-	-	-	-	-	-	1,408	14
Payments for financial assets	-	27	-	27	26	1	96.3%	50	45
	159,291	(6,549)	(11,743)	140,999	102,148	38,851	72.4%	151,708	99,926



APPROPRIATION STATEMENT for the year ended 31 March 2018

3.3 Chief of Operations

	2017/2018							2016/2017	
	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	37,864	816	-	38,680	32,814	5,866	84.8%	46,742	36,511
Compensation of employees	27,455	-	-	27,455	23,032	4,423	83.9%	29,479	24,980
Goods and services	10,409	816	-	11,225	9,782	1,443	87.1%	17,263	11,531
Transfers and subsidies	9,822	127	-	9,949	9,947	2	100.0%	9,420	8,099
Provinces and municipalities									
Higher education institutions	-	-	-	-	-	-	-	3,500	3,500
Households	9,822	127	-	9,949	9,947	2	100.0%	5,920	4,599
Payments for capital assets	482	-	-	482	210	272	43.6%	564	359
Machinery and equipment	482	-	-	482	210	272	43.6%	564	359
Payments for financial assets	-	180	-	180	180	-	100.0%	11	10
	48,168	1,123	-	49,291	43,151	6,140	87.5%	56,737	44,979



APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 4: Housing Development Finance	2017/2018							2016/2017	
	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	4,082	-	-	4,082	2,713	1,369	66.5%	3,706	2,137
2. Chief investment officer	23,057	-	1,500	24,557	22,975	1,582	93.6%	21,377	20,001
3. Human settlements development grant	19,969,343	-	-	19,969,343	19,969,343	-	100.0%	18,283,991	18,283,991
4. Contributions	1,317,031	-	-	1,317,031	1,317,031	-	100.0%	782,395	782,395
5. Urban settlements development grant	11,382,247	-	-	11,382,247	11,382,247	-	100.0%	10,839,468	10,839,468
Total for sub programmes	32,695,760	-	1,500	32,697,260	32,694,309	2,951	100.0%	29,930,937	29,927,992
Economic classification									
Current payments	26,800	(100)	1,500	28,200	25,444	2,756	90.2%	24,831	22,049
Compensation of employees	19,895	-	-	19,895	19,018	877	95.6%	18,050	17,534
Salaries and wages	16,442	1,426	-	17,868	17,001	867	95.1%	16,091	15,602
Social contributions	3,453	(1,426)	-	2,027	2,017	10	99.5%	1,959	1,932
Goods and services	6,905	(100)	1,500	8,305	6,426	1,879	77.4%	6,781	4,515
Advertising	39	-	-	39	-	39	-	-	-
Minor assets	264	(100)	-	164	26	138	15.9%	128	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	227	(50)	-	177	28	149	15.8%	101	12
Communication	409	27	-	436	384	52	88.1%	397	264
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	1,598	(1,899)	1,500	1,199	1,199	-	100.0%	1	-
Contractors	-	35	-	35	28	7	80.0%	6	4



APPROPRIATION STATEMENT for the year ended 31 March 2018

*Programme 4: Housing
Development Finance*

	2017/2018							2016/2017	
	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
Agency and support/outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	51	(3)	-	48	7	41	14.6%	50	4
Inventory: Clothing material and supplies	-	2	-	2	-	2	-	-	-
Inventory: Materials and supplies	2	(2)	-	-	-	-	-	2	-
Inventory: Other supplies	-	-	-	-	-	-	-	5	-
Consumable supplies	60	1	-	61	1	60	1.6%	39	1
Consumable: Stationery, printing and office supplies	389	(141)	-	248	152	96	61.3%	269	66
Travel and subsistence	2,470	230	-	2,700	1,658	1,042	61.4%	2,454	1,503
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	1,190	1,800	-	2,990	2,787	203	93.2%	3,070	2,618
Venues and facilities	206	-	-	206	156	50	75.7%	259	43
Transfers and subsidies	32,518,621	-	-	32,518,621	32,518,621	-	100.0%	29,805,864	29,805,857
Provinces and municipalities	31,351,590	-	-	31,351,590	35,351,590	-	100.0%	29,123,459	29,123,459
Provinces	19,969,343	-	-	19,969,343	19,969,343	-	100.0%	18,283,991	18,283,991
Provincial Revenue Funds	19,969,343	-	-	19,969,343	19,969,343	-	100.0%	18,283,991	18,283,991
Municipalities	11,382,247	-	-	11,382,247	11,382,247	-	100.0%	10,839,468	10,839,468
Municipal bank accounts	11,382,247	-	-	11,382,247	11,382,247	-	100.0%	10,839,468	10,839,468
Departmental agencies and accounts	1,167,031	-	-	1,167,031	1,16,031	-	100.0%	682,395	682,395
Departmental agencies	1,167,031	-	-	1,167,031	1,167,031	-	100.0%	682,395	682,395
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	10	3
Social benefits	-	-	-	-	-	-	-	7	-
Other transfers to households	-	-	-	-	-	-	-	3	3



APPROPRIATION STATEMENT for the year ended 31 March 2018

<i>Programme 4: Housing Development Finance</i>	2017/2018							2016/2017	
	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	339	100	-	439	244	195	55.6%	242	86
Machinery and equipment	339	100	-	439	244	195	55.6%	242	86
Other machinery and equipment	339	100	-	439	244	195	55.6%	242	86
Payments for financial assets	150,000	-	-	150,000	150,000	-	100.0%	100,000	100,000
Total	32,695,760	-	1,500	32,697,260	32,694,309	2,951	100.0%	29,930,937	29,927,992

<i>4.1 Management for Housing Development Finance</i>	2017/2018							2016/2017	
	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	3,933	-	-	3,933	2,661	1,272	67.7%	3,620	2,104
Compensation of employees	2,306	-	-	2,306	2,046	260	88.7%	1,981	1,470
Goods and services	1,627	-	-	1,627	615	1,012	37.8%	1,639	634
Payments for capital assets	149	-	-	149	52	97	34.9%	86	33
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	149	-	-	149	52	97	34.9%	86	33
	4,082	-	-	4,082	2,713	1,369	66.5%	3,706	2,137



APPROPRIATION STATEMENT for the year ended 31 March 2018

4.2 Chief Investment Officer

	2017/2018							2016/2017	
	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	22,867	(100)	1,500	24,267	22,783	1,484	93.9%	21,211	19,945
Compensation of employees	17,589	-	-	17,589	16,972	617	96.5%	16,069	16,064
Goods and services	5,278	(100)	1,500	6,678	5,811	867	87.0%	5,142	3,881
Transfers and subsidies	-	-	-	-	-	-	-	10	3
Households	-	-	-	-	-	-	-	10	3
Payments for capital assets	190	100	-	290	192	98	66.2%	156	53
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	190	100	-	290	192	98	66.2%	156	53
Payments for financial assets	-	-	-	-	-	-	-	-	-
	23,057	-	1,500	24,557	22,975	1,582	93.6%	21,377	20,001

4.3 Human Settlements
Development Grant

	2017/2018							2016/2017	
	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	19,969,343	-	-	19,969,343	19,969,343	-	100.0%	18,283,991	18,283,991
Provinces and municipalities	19,969,343	-	-	19,969,343	19,969,343	-	100.0%	18,283,991	18,283,991
	19,969,343	-	-	19,969,343	19,969,343	-	100.0%	18,283,991	18,283,991



APPROPRIATION STATEMENT for the year ended 31 March 2018

4.4 Contributions	2017/2018							2016/2017	
	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	1,167,031	-	-	1,167,031	1,167,031	-	100.0%	682,395	682,395
Departmental agencies and accounts	1,167,031	-	-	1,167,031	1,167,031	-	100.0%	682,395	682,395
Payments for financial assets	150,000	-	-	150,000	150,000	-	100.0%	100,000	100,000
	1,317,031	-	-	1,317,031	1,317,031	-	100.0%	782,395	782,395

4.5 Urban Settlements Development Grant	2017/2018							2016/2017	
	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	11,382,247	-	-	11,382,247	11,382,247	-	100.0%	10,839,468	10,839,468
Provinces and municipalities	11,382,247	-	-	11,382,247	11,382,247	-	100.0%	10,839,468	10,839,468
	11,382,247	-	-	11,382,247	11,382,247	-	100.0%	10,839,468	10,839,468

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

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

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

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

3. Detail on payments for financial assets:

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

4. Explanations of material variances from Amounts Voted (after Virement)**4.1 Per programme:**

<i>Administration</i>	Final Appropriation	Actual Expenditure	Variance	Variance as a % of final appropriation
Current payment	442,086	401,799	40,287	9%
Transfers and subsidies	739	684	55	7%
Expenditure for capital assets	20,980	17,034	3,946	19%
Financial assets	264	258	6	2%

Current Payments

The under-spending on current payments is attributed to:

- Vacant positions that could not be filled as funding shortages over the 2018 MTEF period limited the number of positions that could be filled.
- Delays in the appointment of a service provider specialising in Internal Audit to supplement capacity as well as a panel for governance, risk and compliance management.
- Microsoft licensing fees payments that were rejected at year end.

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.

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2018

<i>Human Settlements Policy, Strategy and Planning</i>	Final Appropriation	Actual Expenditure	Variance	Variance as a % of final appropriation
Current payment	95,029	85,224	9,805	10%
Transfers and subsidies	14,782	13,869	913	6%
Expenditure for capital assets	1,433	754	679	47%
Financial assets	9	7	2	22%

Current Payments

The under-spending on current payments is due to vacant positions that could not be filled as funding shortages over the 2018 MTEF period limited the number of positions that could be filled.

Transfer and subsidies

Transfer and subsidies under-spending is due to the review of the Red Book, which cost less than what was projected.

Expenditure for capital assets

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

<i>Human Settlements Delivery Support</i>	Final Appropriation	Actual Expenditure	Variance	Variance as a % of final appropriation
Current payment	193,471	145,695	47,776	25%
Transfers and subsidies	10,100	10,098	2	0%
Expenditure for capital assets	1,341	548	793	59%
Financial assets	207	206	1	0%

Current Payments

The under-spending on current payments is attributed to:

- Vacant positions that could not be filled as funding shortages over the 2018 MTEF period limited the number of positions that could be filled.
- The National Upgrading Support Programme underspent due to the fact that the contract ended in April 2017 and some delays in appointing the new panel. The Department as an interim measure made use of the HDA panel of Professional Resource Teams (PRTs). The process of appointing PRTs is unfolding.
- Delay in finalizing a service level agreement for maintenance of the HSS system. SITA also provided limited support in relation to the HSS, thus resulting in under-spending.

Expenditure for capital assets

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



<i>Human Settlements Development Finance</i>	Final Appropriation	Actual Expenditure	Variance	Variance as a % of final appropriation
Current payment	28,200	25,444	2,756	10%
Transfers and subsidies	32,518,621	32,518,621	-	0%
Expenditure for capital assets	439	244	195	44%
Financial assets	150,000	150,000	-	0%

Current Payments

The under-spending on current payments is attributed to funds provided for an assessment of the current financing model on grants for which funding had to be sourced, which delayed the procurement process as well as reductions in travel and subsistence.

Expenditure for capital assets

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

4.2 Explanations of material variances from Amounts Voted (after Virement) per economic classification:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	R'000
Current payment				
Compensation of employees	384,527	345,939	37,318	10%
Goods and services	375,529	312,223	63,306	17%
Transfers and subsidies				
Provinces and municipalities	31,351,590	31,351,590	-	0%
Departmental agencies and accounts	1,167,031	1,167,031	-	0%
Public corporations and private enterprises	11,840	10,932	908	8%
Foreign governments and international organisations	2,121	2,121	-	0%
Households	11,660	11,598	62	1%
Payments for capital assets				
Machinery and equipment	24,193	18,580	5,613	23%
Payments for financial assets	150,480	150,471	9	0%



NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2018

The under-spending on on compensation of employees is attributed to the delay in filling vacant positions, as funding shortages over the 2018 MTEF period limited the number of positions that could be filled.

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

- The National Upgrading Support Programme underspent due to the contract ended in April 2017 and some delays in appointing the new panel. The Department as an interim measure made use of the HDA panel of Professional Resource Teams (PRTs). The process of appointing PRTs is unfolding.
- Delay in finalising a service level agreement for maintenance of HSS. SITA provided limited support in relation to HSS, thus resulting in under-spending.

The under-spending of R 908 000 Transfer and Subsidies can be attributed to the review of the Red Book costing less than what was anticipated.

Expenditure for capital assets underspending is mainly attributed to the non-filling of positions, which resulted in less equipment being bought than was anticipated.

An amount of R10.9 million paid to the CSIR for the revision of the Red Book was reclassified from Transfers and Subsidies to Goods and Services, in terms of the classification circular issued by National Treasury. This reclassification has been effected in the Statement of Performance.

4.3 Explanations of material variances from Amounts Voted (after Virement) per conditional grant:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	R'000
Conditional grant				
Human Settlements Development Grant	19,969,343	19,969,343	-	0%
Urban Settlements Development Grant	11,382,247	11,382,247	-	0%



STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2018

	Note	2017/2018 R' 000	2016/2017 R' 000
REVENUE			
Annual appropriation	<u>1</u>	33,477,701	30,696,356
Departmental revenue	<u>2</u>	603	539
Aid assistance	<u>3</u>	1,578	693
Total revenue		33,479,882	30,697,588
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	345,939	325,288
Goods and services	<u>5</u>	323,156	337,497
Interest and rent on land	<u>6</u>	-	12
Aid assistance	<u>3</u>	1,348	66
Total current expenditure		670,443	662,863
Transfers and subsidies			
Transfers and subsidies	<u>8</u>	32,532,339	29,817,601
Total transfers and subsidies		32,532,339	29,817,601
Expenditure for capital assets			
Tangible assets	<u>9</u>	18,581	6,540
Intangible assets	<u>9</u>	-	71
Total expenditure for capital assets		18,581	6,611
Payments for financial assets	<u>7</u>	150,470	100,222
TOTAL EXPENDITURE		33,371,833	30,587,297

SURPLUS/(DEFICIT) FOR THE YEAR**108,049** **110,291****Reconciliation of Net Surplus/(Deficit) for the year**

Voted funds	107,216	109,125
Annual appropriation	107,216	109,125
Departmental revenue and NRF Receipts	<u>15</u> 603	539
Aid assistance	<u>3</u> 230	627
SURPLUS/(DEFICIT) FOR THE YEAR	108,049	110,291

STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2018

	<i>Note</i>	2017/2018 R'000	2016/2017 R'000
ASSETS			
Current assets		105,957	112,408
Cash and cash equivalents	<u>10</u>	97,543	107,775
Prepayments and advances	<u>11</u>	4,677	4,087
Receivables	<u>12</u>	3,737	546
Non-current assets		2,236,786	2,086,869
Investments	<u>13</u>	2,234,239	2,084,239
Receivables	<u>12</u>	2,547	2,630
TOTAL ASSETS		2,342,743	2,199,277
LIABILITIES			
Current liabilities		108,410	114,852
Voted funds to be surrendered to the Revenue Fund	<u>14</u>	107,216	109,125
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>15</u>	213	33
Payables	<u>16</u>	751	5,067
Aid assistance unutilised	<u>3</u>	230	627
TOTAL LIABILITIES		108,410	114,852
NET ASSETS		2,234,333	2,084,425
Represented by:			
Capitalisation reserve		2,234,239	2,084,239
Recoverable revenue		94	186
TOTAL		2,234,333	2,084,425



STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2018

	<i>Note</i>	2017/2018 R' 000	2016/2017 R' 000
Capitalisation Reserves			
Opening balance		2,084,239	1,984,239
Transfers:			
Movement in Equity		150,000	100,000
Closing balance		<u>2,234,239</u>	<u>2,084,239</u>
Recoverable revenue			
Opening balance		186	174
Transfers:		(92)	12
Debts recovered (included in departmental receipts)		(92)	12
Closing balance		<u>94</u>	<u>186</u>
TOTAL		<u>2,234,333</u>	<u>2,084,425</u>



CASH FLOW STATEMENT for the year ended 31 March 2018

	Note	2017/2018 R'000	2016/2017 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		33,479,882	30,697,588
Annual appropriated funds received	<u>1.1</u>	33,477,701	30,696,356
Departmental revenue received		550	519
Interest received	<u>2.2</u>	53	20
Aid assistance received	<u>3</u>	1,578	693
Net (increase)/decrease in working capital		(8,014)	12,981
Surrendered to Revenue Fund		(109,548)	(509,361)
Surrendered to RDP Fund/Donor		(627)	(264)
Current payments		(670,443)	(657,851)
Interest paid	<u>6</u>	-	(12)
Payments for financial assets		(150,470)	(100,222)
Transfers and subsidies paid		(32,532,339)	(29,817,601)
Net cash flow available from operating activities	<u>17</u>	8,441	(3794742)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>9</u>	(18,581)	(6,611)
(Increase)/decrease in investments		(150,000)	(100,000)
Net cash flows from investing activities		(168,581)	(106,611)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		149,908	100,012
Net cash flows from financing activities		149,908	100,012
Net increase/(decrease) in cash and cash equivalents		(10,232)	(386,341)
Cash and cash equivalents at beginning of period		107,775	494,116
Cash and cash equivalents at end of period	<u>10</u>	97,543	112,775

**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 has been 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 the currency of the 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 comprises departmental allocations as well as 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

<i>Summary of significant accounting policies (continued)</i>	
7.3	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: <ul style="list-style-type: none"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • 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: <ul style="list-style-type: none"> • 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.



<i>Summary of significant accounting policies (continued)</i>	
9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>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.</p> <p>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.</p>
9.2	<p>Aid assistance paid</p> <p>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.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>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.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
12	<p>Loans and receivables</p> <p>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.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	Financial assets
14.1	<p>Financial assets (not covered elsewhere)</p> <p>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.</p> <p>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.</p>
14.2	<p>Impairment of financial assets</p> <p>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.</p>
15	<p>Payables</p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

<i>Summary of significant accounting policies (continued)</i>	
16	Capital Assets
16.1	<p>Immovable capital assets</p> <p>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.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>
16.2	<p>Movable capital assets</p> <p>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.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.3	<p>Intangible assets</p> <p>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.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
17	Provisions and Contingents
17.1	<p>Provisions</p> <p>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.</p>

*Summary of significant accounting policies (continued)*

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 event 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 event 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: <ul style="list-style-type: none">• 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, in which case reasons therefor 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

<i>Summary of significant accounting policies (continued)</i>	
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 financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.
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 Where Public-Private Partnerships exist they are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies. The Department is not involved in any Public-Private Partnership.
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.

**I. Annual Appropriation****I.1 Annual Appropriation**

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

	2017/2018			2016/2017	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Funds not requested/ not received
	R'000	R'000	R'000	R'000	R'000
Administration	471,066	471,066	-	460,058	460,058
Human Settlements Policy, Strategy and Planning	93,573	93,573	-	88,063	88,063
Human Settlements Delivery Support	217,302	217,302	-	217,298	217,298
Housing Development Finance	32,695,760	32,695,760	-	29,930,937	29,930,937
Total	33,477,701	33,477,701	-	30,696,356	30,696,356

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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

2. Departmental revenue

		2017/2018	2016/2017
	Note	R'000	R'000
Sales of goods and services other than capital assets	<u>2.1</u>	207	204
Interest, dividends and rent on land	<u>2.2</u>	53	20
Transactions in financial assets and liabilities	<u>2.3</u>	343	315
Total revenue collected		603	539
Departmental revenue collected		603	539

2.1 Sales of goods and services other than capital assets

		2017/2018	2016/2017
	Note	R'000	R'000
	<u>2</u>		
Sales of goods and services produced by the department		203	201
Sales by market establishment		63	66
Other sales		140	135
Sales of scrap, waste and other current used goods		4	3
Total		207	204

2.2 Interest, dividends and rent on land

		2017/2018	2016/2017
	Note	R'000	R'000
	<u>2</u>		
Interest		53	20
Total		53	20

2.3 Transactions in financial assets and liabilities

		2017/2018	2016/2017
	Note	R'000	R'000
Other Receipts including Recoverable Revenue	<u>2</u>	343	315
Gains on GFECRA		-	-
Total		343	315



3. *Aid assistance*

	2017/2018	2016/2017
Note	R'000	R'000
Opening Balance	627	264
As restated	627	264
Transferred from statement of financial performance	230	627
Paid during the year	(627)	(264)
Closing Balance	230	627

3.1 *Analysis of balance by source*

	2017/2018	2016/2017
Note	R'000	R'000
Aid assistance from other sources	230	627
Closing balance	230	627

3.2 *Analysis of balance*

	2017/2018	2016/2017
Note	R'000	R'000
Aid assistance unutilised	230	627
Closing balance	230	627

3.3 *Aid assistance expenditure per economic classification*

	2017/2018	2016/2017
Note	R'000	R'000
Current	1,348	66
Total aid assistance expenditure	1,348	66



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

4. Compensation of employees**4.1 Salaries and Wages**

	2017/2018	2016/2017
Note	R'000	R'000
Basic salary	231,453	217,574
Performance award	11,036	6,895
Service Based	16,603	16,403
Compensative/circumstantial	13,727	17,282
Other non-pensionable allowances	37,064	32,280
Total	309,883	290,434

4.2 Social contributions

	2017/2018	2016/2017
Note	R'000	R'000
Employer contributions		
Pension	26,457	25,512
Medical	9,551	9,298
Bargaining council	48	44
Total	36,056	34,854
Total compensation of employees	345,939	325,288
Average number of employees	586	616



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

5. Goods and services

	Note	2017/2018 R'000	2016/2017 R'000
Administrative fees		1,274	244
Advertising		22,229	13,500
Minor assets	<u>5.1</u>	417	618
Bursaries (employees)		947	834
Catering		3,751	2,177
Communication		10,420	9,658
Computer services	<u>5.2</u>	33,901	53,259
Consultants: Business and advisory services		41,704	75,670
Legal services		5,866	1,350
Contractors		18,578	7,604
Agency and support / outsourced services		-	3,034
Entertainment		201	189
Audit cost – external	<u>5.3</u>	10,054	7,481
Fleet services		1,369	1,284
Inventory	<u>5.4</u>	-	239
Consumables	<u>5.5</u>	6,844	4,559
Operating leases		40,223	38,228
Property payments	<u>5.6</u>	9,907	9,130
Travel and subsistence	<u>5.7</u>	71,051	69,869
Venues and facilities		34,676	29,025
Training and development		2,768	2,752
Other operating expenditure	<u>5.8</u>	6,976	6,793
Total		323,156	337,497

5.1 Minor assets

Tangible assets

Machinery and equipment

Total

Note	2017/2018 R'000	2016/2017 R'000
<u>5</u>	417	618
	417	618
	417	618

5.2 Computer services

SITA computer services

External computer service providers

Total

Note	2017/2018 R'000	2016/2017 R'000
<u>5</u>	27,060	45,077
	6,841	8,182
	33,901	53,259

5.3 Audit cost – External

Regularity audits

Total

Note	2017/2018 R'000	2016/2017 R'000
<u>5</u>	10,054	7,481
	10,054	7,481

An amount of R10.9 million paid to CSIR for the revision of the Red Book was reclassified from Transfers and Subsidies to goods and services, in terms of the classification circular issued by National Treasury. This reclassification has been effected in the Statement of Performance.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

5.4 Inventory

	2017/2018	2016/2017
Note	R'000	R'000
<u>5</u>		
Clothing material and accessories	-	197
Materials and supplies	-	41
Medical supplies	-	1
Total	-	239

In the current financial year classification of Items has been changed, Inventory was utilised and currently those items are classified under Consumables.

5.5 Consumables

	2017/2018	2016/2017
Note	R'000	R'000
<u>5</u>		
Consumable supplies	2,273	1,332
Uniform and clothing	185	-
Household supplies	348	368
Communication accessories	13	102
IT consumables	306	155
Other consumables	1,421	707
Stationery, printing and office supplies	4,571	3,227
Total	6,844	4,559

5.6 Property payments

	2017/2018	2016/2017
Note	R'000	R'000
<u>5</u>		
Municipal services	4,832	6,289
Property management fees	233	-
Property maintenance and repairs	1,120	992
Other (Cleaning Services, Fumigation Service, etc.)	3,722	1,849
Total	9,907	9,130

5.7 Travel and subsistence

	2017/2018	2016/2017
Note	R'000	R'000
<u>5</u>		
Local	62,664	59,151
Foreign	8,387	10,718
Total	71,051	69,869

5.8 Other operating expenditure

	2017/2018	2016/2017
Note	R'000	R'000
<u>5</u>		
Professional bodies, membership and subscription fees	3	6
Resettlement costs	274	23
Other (Courier Services, Printing and Publication Services, etc.)	6,699	6,764
Total	6,976	6,793



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

6. Interest and rent on land

	2017/2018	2016/2017
Note	R'000	R'000
Interest paid	-	12
Total	-	12

7. Payments for financial assets

	2017/2018	2016/2017
Note	R'000	R'000
Purchase of equity	150,000	100,000
Other material losses written off	7.1 128	157
Debts written off	7.2 342	65
Total	150,470	100,222

7.1 Other material losses written off

	2017/2018	2016/2017
Note	R'000	R'000
Nature of losses		
Damages	123	147
No-shows	5	3
Admin fees: Traffic fines	-	7
Total	128	157

7.2 Debts written off

	2017/2018	2016/2017
Note	R'000	R'000
Bad debts	342	65
Total debt written off	342	65

8. Transfers and subsidies

	2017/2018	2016/2017
Note	R'000	R'000
Provinces and municipalities	48, 49 31,351,590	29,123,459
Departmental agencies and accounts	Annex 1B 1,167,031	682,395
Higher education institutions	Annex 1C -	3,500
Foreign governments and international organisations	Annex 1E 2,121	1,923
Households	Annex 1G 11,597	6,324
Total	32,532,339	29,817,601

An amount of R10.9 million paid to CSIR for the revision of the Red Book was reclassified from Transfers and Subsidies to goods and services, in terms of the classification circular issued by National Treasury. This reclassification has been effected in the Statement of Performance.

8.1 Prior period error

An amount of R5 million paid in 2016/17 to CSIR for the revision of the Red Book was reclassified from transfer and subsidies to goods and services, in terms of the classification circular issued by National Treasury. This reclassification has been effected in the Statement of Performance.

A prior year error adjustment to the value of R712 635 million was made due to the reclassification of funding provided for the capitalisation of NHFC, NURCHA and RHLF, which was previously not classified as capital injections to Public Entities by the Department.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

9. *Expenditure for capital assets*

		2017/2018	2016/2017
	Note	R'000	R'000
Tangible assets		18,581	6,540
Machinery and equipment	39	18,581	6,540
Intangible assets		-	71
Software	40	-	71
Total		18,581	6,611

9.1 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

9.2 Analysis of funds utilised to acquire capital assets – 2016/17

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	6,540	-	-
Machinery and equipment	6,540	-	-
Intangible assets	71	-	-
Software	71	-	-
Total	6,611	-	-

9.3 Finance lease expenditure included in expenditure for capital assets

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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

10. Cash and cash equivalents

	2017/2018	2016/2017
<i>Note</i>	R'000	R'000
Consolidated Paymaster General Account	97,448	107,680
Cash on hand	95	95
Total	97,543	107,775

There are no significant Cash and Cash Equivalents held by the Department that are not available for use.

11. Prepayments and advances

	2017/2018	2016/2017
<i>Note</i>	R'000	R'000
Travel and subsistence	135	52
Prepayments (Not expensed)	<u>11.2</u> -	2,789
Advances paid (Not expensed)	<u>11.1</u> 4,542	1,246
Total	4,677	4,087

11.1 Advances paid (Not expensed)

	Balance as at 1 April 2017	Less: Amount expensed in current year	Add: Current Year prepayments	Balance as at 31 March 2018
<i>Note</i>	R'000	R'000	R'000	R'000
<u>11</u>				
National departments	1,246	7,408	10,704	4,542
Total	1,246	7,408	10,704	4,542

11.2 Prepayments (Not expensed)

	Balance as at 1 April 2017	Less: Amount expensed in current year	Add: Current Year prepayments	Balance as at 31 March 2018
<i>Note</i>	R'000	R'000	R'000	R'000
<u>11</u>				
Goods and services	2,789	2,789	-	-
Total	2,789	2,789	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

12. Receivables

	Note	2017/2018			2016/2017		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	12.1	3,626	374	4,000	153	255	408
Recoverable expenditure	12.2	-	930	930	324	1,093	1,417
Staff debt	12.3	83	98	181	69	191	260
Other debtors	12.4	28	1,145	1,173	-	1,091	1,091
Total		3,737	2,547	6,284	546	2,630	3,176

12.1 Claims recoverable

	Note	2017/2018	2016/2017
		R'000	R'000
National departments	<u>Note 15 and Annex 4</u>	4,000	408
Total		4,000	408

12.2 Recoverable expenditure (disallowance accounts)

	Note	2017/2018	2016/2017
		R'000	R'000
Disallowance Miscellaneous	<u>15</u>	17	187
Damage vehicles		913	1,230
Total		930	1,417

12.3 Staff debt

	Note	2017/2018	2016/2017
		R'000	R'000
Study	<u>15</u>	40	76
Vehicle		34	7
No show		3	2
Salaries		98	169
Petty cash		6	6
Total		181	260

12.4 Other debtors

	Note	2017/2018	2016/2017
		R'000	R'000
Suppliers	<u>15</u>	1,173	1,091
Total		1,173	1,091

12.5 Impairment of receivables

	Note	2017/2018	2016/2017
		R'000	R'000
Estimate of impairment of receivables		1,794	2,577
Total		1,794	2,577



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

13. Investments

	Note	2017/2018 R'000	2016/2017 R'000
Non-Current			
Shares and other equity			
National Housing Finance Corporation		1,610,000	1,510,000
SERVCON		604	604
National Urban Reconstruction and Housing Agency		442,660	442,660
Rural Housing Loan Fund		180,975	130,975
Total		2,234,239	2,084,239
Analysis of non-current investments			
Opening balance		2,084,239	1,984,239
Additions in cash		150,000	100,000
Closing balance		2,234,239	2,084,239

Servcon Housing Solutions is a State-Owned Entity in the process of closure. The external auditors conducted a solvency audit for the entity as at 30 September 2015. The solvency audit confirmed that Servcon Housing Solutions is technically solvent. The liquidation of the entity through a voluntary liquidation process can therefore be pursued.

A prior year error adjustment to the value of R712 635 million was made due to the reclassification of funding provided for the capitalisation of NHFC, NURCHA and RHLF, which was previously not classified as capital injections to Public Entities by the Department.

14. Voted funds to be surrendered to the Revenue Fund

	Note	2017/2018 R'000	2016/2017 R'000
Opening balance		109,125	508,837
As restated		109,125	508,837
Transfer from statement of financial performance (as restated)		107,216	109,125
Paid during the year		(109,125)	(508,837)
Closing balance		107,216	109,125

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

	Note	2017/2018 R'000	2016/2017 R'000
Opening balance		33	18
Transfer from Statement of Financial Performance (as restated)		603	539
Paid during the year		(423)	(524)
Closing balance		213	33



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

16. Payables – current

	Note	2017/2018 R'000	2016/2017 R'000
Clearing accounts	16.1	714	113
Other payables	16.2	37	4,954
Closing balance		751	5,067

16.1 Clearing accounts

	Note	2017/2018 R'000	2016/2017 R'000
Salary income tax: CL	16	682	112
Sal: GEHS Refund Control		23	-
Sal: Pension fund		9	1
Closing balance		714	113

16.2 Other payables

	Note	2017/2018 R'000	2016/2017 R'000
Special Investigating Unit Provincial transfers	21	-	4,954
Department of International Relations and Cooperation		37	-
Total		37	4,954

17. Net cash flow available from operating activities

	Note	2017/2018 R'000	2016/2017 R'000
Net surplus/(deficit) as per Statement of Financial Performance		108,049	110,291
Add back non cash/cash movements not deemed operating activities		(99,608)	(490,033)
(Increase)/decrease in receivables – current		(3,108)	803
(Increase)/decrease in prepayments and advances		(590)	7,349
Increase/(decrease) in payables – current		(4,316)	4,829
Expenditure on capital assets		18,581	6,611
Surrenders to Revenue Fund		(109,548)	(509,361)
Surrenders to RDP Fund/Donor		(627)	(264)
Net cash flow generated by operating activities		8,441	(379,742)

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

	Note	2017/2018 R'000	2016/2017 R'000
Consolidated Paymaster General account		97,448	107,680
Cash on hand		95	95
Total		97,543	107,775

**19. Contingent liabilities****19.1 Contingent liabilities**

	Note	2017/2018 R'000	2016/2017 R'000
Liable to Nature			
Housing loan guarantees Employees	<u>Annex 3A</u>	41	41
Claims against the department	<u>Annex 3B</u>	1,358,477	328,552
Intergovernmental payables (unconfirmed balances)	<u>Annex 5</u>	167	-
Other	<u>Annex 3B</u>	69,223	-
Total		1,427,908	328,593

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.

20. Commitments

Note	2017/2018 R'000	2016/2017 R'000
Current expenditure		
Approved and contracted	53,151	29,371
Approved but not yet contracted	-	8,819
Sub Total	53,151	38,190
Capital expenditure		
Approved and contracted	1,224	430
Sub Total	1,224	430
Total Commitments	54,375	38,620

Programme 1: Global Tec Communications R274,000

Programme 2: No commitments more than a year

Programme 3: No commitments more than a year

Programme 4: No commitment more than a year



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

21. Accruals and payables not recognised**21.1 Accruals**

	2017/2018		2016/2017	
	R'000		R'000	
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	6,817	701	7,518	15,539
Transfers and subsidies	18	2	20	-
Capital assets	40	-	40	-
Total	6,875	703	7,578	15,539
	<i>Note</i>			
Listed by programme level				
Administration			6,242	10,058
Human Settlements Policy, Strategy and Planning			237	460
Programme Delivery Support			955	4,410
Housing Development Finance			144	611
Total			7,578	15,539

21.2 Payables not recognised

	2017/2018		2016/2017	
	R'000		R'000	
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	4,103	113	4,216	15,813
Transfers and subsidies	1,877	-	1,877	-
Other	-	77	77	-
Total	5,980	190	6,170	15,813
Listed by programme level				
Administration			4,116	13,696
Human Settlements Policy, Strategy and Planning			1,211	10
Programme Delivery Support			843	2,098
Housing Development Finance			-	9
Total			6,170	15,813
	<i>Note</i>			
Included in the above totals are the following:				
Confirmed balances with other departments	Annex 5	47	-	
Total		47	-	

22. Employee benefits

	2017/2018	2016/2017
	R'000	R'000
<i>Note</i>		
Leave entitlement	15,718	12,994
Service bonus (Thirteenth cheque)	7,563	7,298
Performance awards	5,750	5,753
Capped leave commitments	5,394	5,688
Other		
Total	34,425	31,733

Employee Leave

- (a) Included under leave entitlement is an amount of R279,169 that employees owe to the department for leave days taken.
- (b) Leave entitlement disclosed includes officials who have been transferred to the Department of International Relations and Cooperation in the Ministry. However, the transfer process had not been finalised at year end.

**23. Lease commitments****23.1 Operating leases**

2017/2018	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
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

2016/2017	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	38,348	-	38,348
Later than 1 year and not later than 5 years	-	-	34,093	-	34,093
Total lease commitments	-	-	72,441	-	72,441

The Department's operational leases constitute leasing of office accommodation.

23.2 Finance leases

2017/2018	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
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

2016/2017	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	930	930
Later than 1 year and not later than 5 years	-	-	-	123	123
Total lease commitments	-	-	-	1,053	1,053

The Department's capital leases comprise of leasing of multi-function copiers and cell phone contracts.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

24. Irregular expenditure

24.1 Reconciliation of irregular expenditure

	Note	2017/2018 R'000	2016/2017 R'000
Opening balance		12,300	6,735
Prior period error		(2,977)	-
As restated		9,323	6,735
Add: Irregular expenditure – relating to current year		-	5,565
Less: Prior year amounts condoned		(11)	-
Less: Amounts not condoned and not recoverable		(3,531)	-
Closing balance		5,781	12,300
Analysis of awaiting condonation per age classification			
Current year		-	5,565
Prior years		5,781	6,735
Total		5,781	12,300

24.2 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2016/2017 R'000
Trip Authorisation Form not approved prior to trip (VA26A)	Director General	11
Total		11

24.3 Details of irregular expenditure not recoverable (not condoned)

Incident	Condoned by (condoning authority)	2016/2017 R'000
The initial amount of R5 563 084.18 was reduced by R2 977 071.99.		2,977
The investigation by Internal Audit concluded that only R2 586 012.19 is regarded as irregular expenditure		
Emthonjeni de-recognised		1,740
Various payments de-recognised		1,791
Total		6,508

**25. Fruitless and wasteful expenditure****25.1 Reconciliation of fruitless and wasteful expenditure**

	Note	2017/2018 R' 000	2016/2017 R' 000
Opening balance		2,800	213
Prior period error		(257)	-
As restated		2,543	213
Fruitless and wasteful expenditure – relating to prior year		-	960
Fruitless and wasteful expenditure – relating to current year		284	1,627
Closing balance		2,827	2,800

25.2 Analysis of current year's (relating to current and prior years) fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017/2018 R' 000
Minister's rented vehicles	Still under investigation	284
Total		284

25.3 Prior period error

Nature of prior period error	Note	2017/2018 R' 000
Relating to 2016/17		(257)
Minister's vehicle		(257)
Total prior period errors		(257)

1. Amounts for Minister's rented vehicle were restated for 2015/16 & 2016/17 (-R25 803.38 [2015/16] & -R 231 436.20 [2016/17]).
2. A prior amount relates to the Minister's rented vehicle and is subject to restatement given the verification exercise and investigation that is under process.
3. A request was made to National Treasury to assist with the interpretation of the prescript.

26. Related party transactions

Payments made	Note	2017/2018 R' 000	2016/2017 R' 000
Payments for financial assets		150,000	100,000
Total		150,000	100,000

The following Public Entities report to the Minister:

South African Housing Fund, Servcon, National Urban Reconstruction and Housing Agency, National Home Builders Registration Council, National Housing Finance Corporation, Thubelisha Homes and Rural Housing Loan Fund, 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.

27. Key management personnel

Payments made	No. of Individuals	2017/2018 R' 000	2016/2017 R' 000
Political office bearers (provide detail below)	2	4,379	4,211
Officials:			
Level 15 to 16	13	21,730	16,068
Level 14 (including CFO if at a lower level)	34	34,438	36,264
Family members of key management personnel	1	149	468
Total		60,696	57,011



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

28. Provisions

	2017/2018	2016/2017
Note	R'000	R'000
Special Investigating Unit	-	5,322
GTAC	3,255	-
Total	3,255	5,322

Invoices not accompanied by any evidence to support the claim.

28.1 Reconciliation of movement in provisions – 2017/18

	Disputed Invoices	GTAC Invoices	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	5,322	-	-	5,322
Increase in provision	-	3,255	-	3,255
Settlement of provision	-	-	-	-
Unused amount reversed	-	-	-	-
Reimbursement expected from third party	-	-	-	-
Change in provision due to change in estimation of inputs	(5,322)	-	-	(5,322)
Closing balance	-	3,255	-	3,255

28.2 Reconciliation of movement in provisions – 2016/17

	Disputed Invoices	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	5,322	-	-	5,322
Increase in provision	-	-	-	-
Settlement of provision	-	-	-	-
Unused amount reversed	-	-	-	-
Reimbursement expected from third party	-	-	-	-
Change in provision due to change in estimation of inputs	-	-	-	-
Closing balance	5,322	-	-	5,322



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

29. *Movable Tangible Capital Assets***Movement in movable tangible capital assets per asset register for the year ended 31 March 2018**

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment	99,800	(13,397)	24,062	(1,965)	108,500
Transport assets	4,644	-	-	-	4,644
Computer equipment	53,198	(13,397)	20,251	(1,860)	58,192
Furniture and office equipment	23,114	-	360	(99)	23,375
Other machinery and equipment	18,844	-	4,308	(6)	22,289
Total movable tangible capital assets	99,800	(13,397)	24,062	(1,965)	108,500

The payment to SITA amounting to R13 million was rejected in Safetyweb on 31 March 2017 due to National Treasury cleaning up entities that have been created on Bas and Logis in preparation for the usage of suppliers on the Central Supplier Database in the financial year 2017/18. Therefore, SITA was changed to SITA SOC and payment was made again in the following financial year after approval of the rollover for the department.

The difference between additions of R24 Million and the expenditure of R18 million on Machinery and Equipment was mainly due to misallocation of assets. The misallocation was corrected in the following month.

Included in the closing balance of movable tangible capital assets are assets amounting to R3.2 million that are still to be transferred to Department of International Relations and Cooperation after the completion of joint verification.

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
304	4,493

The assets under investigation are assets that could not be located during the asset verification. The Department is currently busy with the investigation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

29.1 Additions

Additions to movable tangible capital assets per asset register for the year ended 31 March 2018	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	3,811	18,299	1,952	-	24,062
Computer equipment	2,370	17,881	-	-	20,251
Furniture and office equipment	360	-	-	-	360
Other machinery and equipment	1,081	418	1,952	-	3,451
Total additions to movable tangible capital assets	3,811	18,299	1,952	-	24,062

29.2 Disposals

Disposals of movable tangible capital assets per asset register for the year ended 31 March 2018	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Machinery and equipment	-	(1,965)	(1,965)	-
Transport assets	-	-	-	-
Computer equipment	-	(1,860)	(1,860)	-
Furniture and office equipment	-	(99)	(99)	-
Other machinery and equipment	-	(6)	(6)	-
Total additions to movable tangible capital assets	-	(1,965)	(1,965)	-



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

29.3 Movement for 2016/17

Movement in tangible capital assets per asset register for the year ended 31 March 2017

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment	80,119	-	20,275	594	99,800
Transport assets	4,644	-	-	-	4,644
Computer equipment	37,706	-	15,929	437	53,198
Furniture and office equipment	22,810	-	446	142	23,114
Other machinery and equipment	14,959	-	3,900	15	18,844
Total movable tangible capital assets	80,119	-	20,275	594	99,800

29.4 Minor assets

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
Number of minor assets at cost	-	-	-	1	-	1
Total number of minor assets	-	-	-	1	-	1



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

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:

Machinery and equipment	1,097	1,680
Biological assets	-	-

Included in the closing balance of movable tangible minor assets, is an amount of R48 000 that is still to be transferred to Department of International Relations and Cooperation after the completion of joint verification. The assets under investigation are assets that could not be located during the asset verification. The Department is currently busy with the investigation.

Movement in minor assets per the asset register for the year ended as at 31 March 2018	Specialised military assets R' 000	Intangible assets R' 000	Heritage assets R' 000	Machinery and equipment R' 000	Biological assets R' 000	Total R' 000
Opening balance	-	1,144	-	16,581	-	17,725
Additions	-	-	-	558	-	558
Disposals	-	-	-	384	-	384
Total minor assets	-	1,144	-	16,755	-	17,899
Number of R1 minor assets	-	-	-	1	-	1
Total number of minor assets	-	-	-	1	-	1



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

30. Intangible Capital Assets

Movement in intangible capital assets per asset register for the year ended 31 March 2017	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

Included in the closing balance of movable intangible capital assets, are assets amounting to R24 000 that are still to be transferred to the Department of International Relations and Cooperation after the completion of joint verification.

30.1 Movement for 2016/17

Movement in intangible capital assets per asset register for the year ended 31 March 2017	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	6,177	-	71	-	6,248
Total intangible capital assets	6,177	-	71	-	6,248

31. Immovable Tangible Capital Assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2017	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	236	-	-	-	236
Other fixed structures	236	-	-	-	236
Total intangible 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

32. Prior period errors**32.1 Correction of prior period errors**

	Provision 2	Provision 3	Total provisions
<i>Note</i>	R'000	R'000	R'000
Assets:			
Investments	1,371,604	712,635	2,084,239
Net effect	1,371,604	712,635	2,084,239

A prior year error adjustment to the value of R712 635 million was made due to the reclassification of funding provided for the capitalisation of NHFC, NURCHA and RHLF, which was previously not classified as capital injections to Public Entities by the Department.



33. Statement of conditional grants paid to the provinces

Name of province/grant	GRANT ALLOCATION				TRANSFER			SPENT				2016/17
	Division of Revenue Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	Funds Stopped	Re-allocations by National Treasury or National Department	Amount received by department	Amount spent by department	Unspent funds	% 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	%	R'000
Summary by province												
Eastern Cape	2,239,316	-	-	2,339,316	2,339,316	-	100,000	2,339,316	2,339,315	1	100%	1,991,457
Free State	1,193,038	-	-	1,193,038	1,193,038	-	-	1,193,038	1,192,715	323	100%	1,098,411
Gauteng	5,528,050	43,705	-	5,421,755	5,378,050	(150,000)	-	5,421,755	5,302,694	119,061	98%	5,022,669
KwaZulu-Natal	3,477,567	1,372	-	3,678,939	3,677,567	-	200,000	3,678,939	3,678,939	-	100%	3,124,702
Limpopo	1,319,493	84,968	-	1,254,461	1,169,493	(150,000)	-	1,254,461	1,253,839	622	100%	1,208,370
Mpumalanga	1,395,774	11,888	-	1,507,662	1,495,774	-	100,000	1,507,662	1,507,662	-	100%	1,314,645
Northern Cape	402,668	8,973	-	511,641	502,668	-	100,000	511,641	479,239	32,402	94%	371,109
North West	2,186,679	192,109	-	2,078,788	1,886,679	(300,000)	-	2,078,788	2,051,947	26,841	99%	2,151,817
Western Cape	2,226,758	-	-	2,326,758	2,326,758	-	100,000	2,326,758	2,326,758	-	100%	2,000,811
Total	19,969,343	343,015	-	20,312,358	19,969,343	(600,000)	600,000	20,312,358	20,133,108	179,250	99%	18,283,991



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Name of province/grant	GRANT ALLOCATION				TRANSFER			SPENT				2016/17
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Stopped	Re-allocations by National Treasury or National Department	Amount received by department	Amount spent by department	Unspent funds	% 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	%	R`000
Summary by grant												
1. Human Settlements Development grant (HSDG)												
Total	19,969,343	343,015	-	20,312,358	19,969,343	(600,000)	600,000	20,312,358	20,133,108	179,250	99%	18,283,991
1.HSDG												
Eastern Cape	2,239,316	-	-	2,339,316	2,339,316	-	100,000	2,339,316	2,339,315	1	100%	1,991,457
Free State	1,193,038	-	-	1,193,038	1,193,038	-	-	1,193,038	1,192,715	323	100%	1,098,411
Gauteng	5,528,050	43,705	-	5,421,755	5,378,050	(150,000)	-	5,421,755	5,302,694	119,061	98%	5,022,669
KwaZulu-Natal	3,477,567	1,372	-	3,678,939	3,677,567	-	200,000	3,678,939	3,678,939	-	100%	3,124,702
Limpopo	1,319,493	84,968	-	1,254,461	1,169,493	(150,000)	-	1,254,461	1,253,839	622	100%	1,208,370
Mpumalanga	1,395,774	11,888	-	1,507,662	1,495,774	-	100,000	1,507,662	1,507,662	-	100%	1,314,645
Northern Cape	402,668	8,973	-	511,641	502,668	-	100,000	511,641	479,239	32,402	94%	371,109
North West	2,186,679	192,109	-	2,078,788	1,886,679	(300,000)	-	2,078,788	2,051,947	26,841	99%	2,151,817
Western Cape	2,226,758	-	-	2,326,758	2,326,758	-	100,000	2,326,758	2,326,758	-	100%	2,000,811
Total	19,969,343	343,015	-	20,312,358	19,969,343	(600,000)	600,000	20,312,358	20,133,108	179,250	99%	18,283,991

In terms of Section 15(1) of DORA 2017 (a) The total amount of R19 969 343 000 was allocated and transferred to provinces (b) An amount of R150 000 000, R150 000 000 and R 300 000 000 were stopped from Gauteng, Limpopo and North West Provinces, respectively, due to poor performance on previous transfers. (c) Transfers were made in accordance with the payment schedule (d) Stopped funds were reallocated as follows: Eastern Cape R100 000 000, KwaZulu-Natal R200 000 000, Mpumalanga R100 000 000, Northern Cape R100 000 000 and Western Cape R100 000 000. (e) Funds were transferred into the primary bank account of the provincial departments. (f) The Human Settlements Development Grant (HSDG) was not utilised for other administrative purposes, except in terms of the Operational Capital Budgets (OPSCAP) programme, which allows the provinces to utilise a certain percentage (maximum 5%) of the voted allocation grant to support the approved national and provincial housing programmes.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

34. Statement of conditional grants and other transfers to municipalities

Name of municipality	GRANT ALLOCATION				TRANSFER			SPENT				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Stopped	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
	R`000	R`000	R`000	R`000	R`000	R`000	R`000	R`000	R`000	R`000	%	R`000
Buffalo City	768,128	-	-	928,128	928,128	-	160,000	928,128	459,656	468,472	60%	731,499
Nelson Mandela Bay	911,761	-	-	1,090,561	1,090,561	-	178,800	1,090,561	497,642	592,919	55%	868,282
Mangaung	761,307	82,229	-	943,536	861,307	-	100,000	861,307	430,262	431,045	51%	725,003
Ekurhuleni	1,985,010	12,098	-	2,097,108	2,085,010	-	100,000	2,085,010	983,407	1,101,603	49%	1,890,352
City of Johannesburg	1,864,731	-	-	1,501,731	1,501,731	(363,000)	-	1,501,731	728,731	773,000	39%	1,775,809
City of Tshwane	1,616,415	-	-	1,616,415	1,616,415	-	-	1,616,415	736,832	879,583	46%	1,539,334
eThekweni	1,980,109	-	-	1,980,109	1,980,109	-	-	1,980,109	897,687	1,082,422	45%	1,885,685
City of Cape Town	1,494,786	58,501	-	1,377,487	1,318,986	(175,800)	-	1,318,986	587,184	731,802	38%	1,423,504
Total	11,382,247	152,828	-	11,535,075	11,382,247	(538,800)	538,800	11,382,247	5,321,401	6,060,846	48%	10,839,468

In terms of Section 15(1) of DORA 2017, (a) Total of R11 382 247 000 was allocated and transferred to Metropolitan Municipalities. (b) R 363,000,000 for City of Johannesburg and R 175,800,000 for City of Cape Town were stopped due to poor performance on the previous transfers. (c) Transfers were made as per approved payment (d) Stopped funds were reallocated as follows: Buffalo City R160,000,000, Ekurhuleni R100,000,000, Mangaung R100,000,000 and Nelson Mandela Bay R178,800,000. (e) Transfers were deposited into the eight Metropolitan Municipalities' primary bank accounts (f) No funds were used for the administration of the allocation by the receiving officer. Except that a maximum of 3% may be used to procure capacity to support the implementation of USDG Human Settlements Programme.

Departmental Agency/Account	GRANT ALLOCATION				TRANSFER		2016/17
	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	R' 000
Housing Development Agency	210,668	-	-	210,668	210,668	100%	157,512
Social Housing Regulatory Authority	926,963	-	-	926,963	926,963	100%	494,863
Community Schemes Ombuds Service	29,400	-	-	29,400	29,400	100%	30,020
Total	1,167,031	-	-	1,167,031	1,167,031	100%	682,395

ANNEXURE IC

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ANNEXURE ID

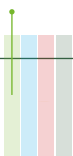
Statement of transfers/subsidies to public corporations and private enterprises

Name of Public Corporation/ Private Enterprise	GRANT ALLOCATION				TRANSFER		2016/17
	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	R`000
Public Corporations	-	-	-	-	-	-	-
Council for Scientific and Industrial Research	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

ANNEXURE IE

Statement of transfers to foreign government and international organisations

Foreign Government/ International Organisation	GRANT ALLOCATION				TRANSFER		2016/17
	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	R`000
Transfers							
United Nations Membership Fees	1,321	-	800	2,121	2,121	100%	1,924
Total	1,321	-	800	2,121	2,121	100%	1,924



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

ANNEXURE IG

Statement of transfers to households

Households	GRANT ALLOCATION				TRANSFER		2016/17
	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	R'000
Transfers							
Post-Retirement Benefits	-	-	-	-	-	-	555
Leave Gratuity	1,792	-	-	1,792	1,777	99%	995
Bursaries (Non-Employees)	9,822	-	-	9,822	9,820	100%	4,529
Claims Against the State (Cash)	-	-	-	-	-	-	245
Donations and Gifts	46	-	-	46	-	0%	-
Total	11,660	-	-	11,660	11,597	66%	6,324

ANNEXURE II

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 disadvantaged students in human settlements-related qualifications	300	-	503	-	(203)
DPSA	Funding for municipal rental housing information officials	393	-	393	-	-
PSETA	Funding of learnerships	(66)	951	452	-	433
Total		627	951	1,348	-	230



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 2017/2018	% Held 2016/2017	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		
				2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Yes/No
National/Provincial Public Entity												
National Housing Finance Corporation		100	100	84,187,332	84,187,332	1,610,000	1,510,000	3,169,252	2,930,682	116,936	74,779	No
SERVCON Housing Solution		100	100	100	100	604	604	-	63,209	-	5,668	No
National Urban Reconstruction and Housing Agency		-	-	-	-	442,600	442,600	519,280	61,000	(18,466)	27,800	No
Rural Housing Loan Fund		-	-	-	-	180,975	130,975	532,211	-	29,083	-	No
Total		200	200	84,187,432	84,187,432	2,234,239	2,234,239	4,220,743	3,054,891	127,553	108,247	

ANNEXURE 3A

Statement of financial guarantees issued as at 31 March 2018 – local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2017	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Re-evaluations	Closing balance 31 March 2018	Guaranteed interest for year ended 31 March 2018	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Nedbank	Housing	-	11	-	-	-	11	-	-
Standard Bank	Housing	-	-	-	-	-	-	-	-
First Rand Bank	Housing	-	24	-	-	-	24	-	-
Old Mutual	Housing	-	6	-	-	-	6	-	-
Total		-	41	-	-	-	41	-	-



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

ANNEXURE 3B

Statement of contingent liabilities as at 31 March 2018

Nature of Liability	Opening balance 1 April 2017	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2018
	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
EJ Seeqela vs Minister of Human Settlements	75	-	(75)	-	-
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
Subtotal	328,552	1,030,000	(75)	-	1,358,477
Other					
Special Investigating Unit	5,322	-	-	-	5,322
SITA	-	6,901	-	-	6,901
Public Works Departments	-	57,000	-	-	57,000
Subtotal	5,322	63,901	-	-	69,223
Total	333,874	1,093,901	(75)	-	1,427,700

Invoices received from suppliers (SIU, SITA and Public Works Department) are under dispute due to the lack of supporting documentation.



ANNEXURE 4

Claims recoverable

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18 *	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	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
Departments								
South African Police Services	-	-	10	10	10	10	-	-
Department of Water and Sanitation	-	-	186	186	186	186	-	-
Statistics South Africa	-	27	-	-	-	27	-	-
Eastern Cape Department of Road and Public Works	59	-	-	59	59	59	-	-
Department of Higher Education and Training	-	-	-	20	-	20	-	-
Gauteng Province Human Settlements	-	-	49	-	49	-	-	-
Department of Labour	-	47	-	-	-	47	-	-
Eastern Cape Provincial	-	-	62	-	62	-	-	-
Department of International Relations and Cooperation	-	-	1,948	-	1,948	-	-	-
Subtotal	59	74	2,255	275	2,314	349	-	-
Other Government Entities								
NHBRC	-	-	58	58	58	58	-	-
CSOS	-	-	1,628	-	1,628	-	-	-
Total	59	74	3,941	333	4,000	407	-	-



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

ANNEXURE 5

Inter-government payables

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18 *	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	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
Departments								
Department of Justice and Constitutional Development	-	230	-	-	-	230	-	-
Eastern Cape Department of Roads and Public Works	47	-	-	-	47	-	-	-
Limpopo Prov Department of Public Works and Infrastructure	-	-	20	-	20	-	-	-
Limpopo Department of Transport	-	-	17	-	17	-	-	-
Department of International Relations and Cooperation	-	-	37	-	37	-	-	-
DPSA	-	-	84	-	84	-	-	-
Total	47	230	158	-	205	230	-	-
Other Government Entities								
Current								
Government Printing Works	-	-	9	-	9	-	-	-
Total	47	230	167	-	214	230	-	-



ANNEXURE 6

Inventories

Inventories [Per major category]

Note

	Quantity	2017/18	Quantity	2016/17
		R'000		R'000
Opening balance	1	1	5	1
Add/(Less): Adjustments to prior year balance	-	(11)	-	(13)
Add: Additions/Purchases - Cash	10	637	15,042	2,897
Add: Additions - Non-cash	-	-	1	-
(Less): Disposals	-	-	-	-
(Less): Issues	(10)	(637)	(15,043)	(2,916)
Add(Less) Adjustments	-	-	(4)	(1)
Closing Balance: (before Weighted Average Price Variance)	1	(10)	1	(32)
Add/(Less): Weighted Average Price Variance	-	11	-	33
Closing balance (After weighted average price variance)	1	1	1	1

ANNEXURE 8A

Inter-entity advances paid (note 11)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
National Departments						
GCIS	-	765	4,542	-	4,542	765
Department of International Relations and Cooperation	-	-	-	481	-	481
Total	-	765	4,542	481	4,542	1,246



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

ADDENDUM: PERFORMANCE ON ENE INDICATORS

Section 2.4.4 of the Departmental Annual Report Guide for National and Provincial Department requires that Department include the planned targets as Estimates of National Expenditure

Programme performance indicator	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual achievement (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
Programme 2:	Human Settlements Policy, Strategy and Planning				
Number of title deeds registered to eradicate backlog per year	135 878 title deeds eradicated	207 146	38 614 pre-and post-1994 title deeds issued	168 532 pre-and post-1994 title deeds not issued	Poor performance by the provinces
Number of title deeds registered for new developments per year	60 740 title deeds for new subsidy houses issued	170 240	1 151 title deeds for new subsidy houses issued	169 089 title deeds for new subsidy not houses	Poor performance by the provinces
Programme 3:	Human Settlements Delivery Support				
Number of municipalities provided with technical assistance for informal settlement upgrading per year	63 municipalities provided with technical assistance	41	0	41 municipalities not provided with technical assistance	Target not achieved
Number of informal settlements with settlement upgrading plans per year		446	109 Informal settlement upgrading plans developed	337 Informal settlement upgrading plans not developed	Informal settlement upgrading plans not developed will be developed in 2018/19 financial year
Number of additional households living in informal settlements upgraded to level 2 in terms of the Upgrading Informal Settlements Programme per year	75 941 households upgraded to phase 2 which include HSDG (56 343) and USDG (19 598)	189039	89 670 households in informal settlements upgraded	99 369 households in informal settlements not upgraded	Poor performance by the provinces
Number of subsidy housing units provided per year	90 692 subsidy housing opportunities provided	113341	86 131 individual units for subsidy housing submarket provided	27 210 individual units for subsidy housing submarket not provided	Poor performance by the provinces
Number of additional households living in affordable rental housing units per year	9 616 affordable rental opportunities delivered including all categories	13920	3 506 private affordable rental housing opportunities delivered	10 414 private affordable rental housing opportunities not delivered	Poor performance by the provinces
Number of catalytic projects initiated per year	15 catalytic projects implemented	8	48 project progress reports submitted. Projects under various stages of implementation.	40 projects	More projects were approved
Number of additional People's Housing Process subsidies allocated to approved beneficiaries per year	7 000	7 500 PHP units delivered	0	7 500 PHP units not delivered	Target not achieved



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Programme performance indicator	Actual achievement (2016/2017)	Planned target (2017/2018)	Actual achievement (2017/2018)	Deviation from planned target to actual achievement 2017/2018	Comments on deviations
Programme 4:	Housing Development Finance				
Number of finance linked individual subsidy programme subsidies allocated to approved beneficiaries per year	2 660 FLISP subsidies allocated to approved beneficiaries	17231	2 295 FLISP allocated to beneficiaries	14 936 FLISP subsidies not allocated to approved beneficiaries	<p>The reasons for deviation varies from per province The reasons include, but are not limited to:</p> <ul style="list-style-type: none"> • Availability of affordable stock; • Affordability of people earning less than R15 000 per month • Continued outreach campaigns for FLISP, • Consumer education toward home owners, • Revised FLISP policy



SOUTH AFRICAN HOUSING FUND for the year ended 31 March 2018

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 fund 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 amendment 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 funds of the South African Housing Fund since the accounting officer is being remunerated by the Department of Human Settlements (previously Department of Housing).

3. Auditors

In terms of section 188 of the Constitution of the Republic of South Africa, 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.



Report of the Auditor-General to Parliament on the South African Housing Fund

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the South African Housing Fund, set out on pages 209 to 211, which comprise the statement of financial position as at 31 March 2018 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 South African Housing Fund as at 31 March 2018 and its cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

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 in the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with 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 code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Basis of accounting

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

Disestablishment of the SA Housing Fund

8. As disclosed in note 4 to the financial statements, the disestablishment of the South African Housing Fund will be effected by the promulgation of the Human Settlements Act. The South African Housing Fund was delisted from the PFMA with effect from 18 November 2003.

Responsibilities of the accounting officer responsible for the financial statements

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting officer is responsible for assessing the South African Housing Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern, and using the going concern basis of accounting, unless the accounting officer 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

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

Other information

13. The accounting officer is responsible for the other information. The other information comprises the information included in the entity's annual report, which includes the audit committee's report. The other information does not include the financial statements and the auditor's report.
14. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
15. 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, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

16. I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria
31 July 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



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.

Financial statements

2. In addition to my responsibility for the audit of the financial statements, as described in the auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. I 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 public entity'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 South African Housing Fund'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 the auditor's report. However, future events or conditions may cause a public entity to cease to continue 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.



SOUTH AFRICAN HOUSING FUND for the year ended 31 March 2018

STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Assets			
Current Assets		32,585	32,585
Cash and Cash Equivalents	<u>5</u>	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		627	627
Total equity and liabilities		32,585	32,585

CASH FLOW STATEMENT

	<i>Note</i>	2017/18 R'000	2016/17 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 set out below, since the entity no longer conducts 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.

1.2 Administration Costs

All administration costs are borne by Department of Human Settlements.



SOUTH AFRICAN HOUSING FUND for the year ended 31 March 2018

NOTES TO THE STATEMENT OF
FINANCIAL POSITION**2. Trade and other receivables**

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Debtors		421	421
Less: Provision for bad debt		(421)	(421)
Total		-	-

3. Trade and other payables

Post office account		627	627
Total		627	627

4. Disestablishment of the S A Housing Fund

The final disestablishment of the SAHF will be effected upon the promulgation of the Human Settlements Act.

The SAHF was delisted from the Public Finance Management Act with effect from 18 November 2003.

According to an enquiry to National Treasury, the SAHF does not earn any interest on its CPD deposit. National Treasury indicated that funds (to the credit of the SAHF) should not have been paid to the SAHF. It was furthermore indicated that National Treasury borrows funds in all CPD accounts at 0% interest and utilises such funds to fund its daily cash flows, hence interest earned on the deposit at CPD is not disclosed as income earned.

NOTES TO THE CASH FLOW STATEMENT

5. Cash and cash equivalents

Cash with CPD		32 585	32 585
Total		32 585	32 585



NOTES:

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