



2019-2020
human settlements
ANNUAL REPORT
Vote 38

 human settlements
Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA









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Human Settlements
REPUBLIC OF SOUTH AFRICA

L N SISULU (MP), MINISTER
DEPARTMENT OF HUMAN SETTLEMENTS

I have the honour of submitting the Annual Report of the
Department of Human Settlements for the period
01 April 2019 to 31 March 2020
for tabling in the National Assembly on
30 November 2020.

A handwritten signature in black ink, appearing to read 'S M Tshangana'.

S M TSHANGANA
Director-General
Date: 30 October 2020

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PART A

GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS /ACRONYMS

AOPI	Audit of Performance Information	EHWP	Employee Health and Wellness Programme
BPCMEP	Batho Pele Change Management Engagement Programme	EMT	Executive Management Team
CFO	Chief Financial Officer	ENE	Estimate of National Expenditure
CoE	Compensation of Employees	EPMDS	Employee Performance Management and Development System
CRU	Community Residential Unit	FLISP	Finance-Linked Individual Subsidy Programme
CSIR	Council for Scientific & Industrial Research	GEHS	Government Employee Housing Scheme
CSOS	Community Schemes Ombud Service	HDA	Housing Development Agency
DC	Disciplinary Committee	HDI	Historically Disadvantage Individuals
DD	Deputy Director	HSDB	Human Settlements Development Bank
DDM	District Development Model	HSDG	Human Settlements Development Grant
DFI	Development Finance Institution	ICT	Information and Communication Technology
DHS	Department of Human Settlements	IT	Information Technology
DoRA	Division of Revenue Act, 2020	IDP	Integrated Development Plan
DPW	Department of Public Works	IGR	Inter-governmental Relations
DPWI	Department of Public Works and Infrastructure	MEC	Member of Executive Council
DRDLR	Department of Rural Development and Land Reform	MEHG	Municipal Emergency Housing Grant
EAAB	Estate Agency Affairs Board	MinMEC	Ministers and Members of Executive Councils
EEDBS	Enhanced Extended Discount Benefit	MPAT	Management Performance Assessment Tool

MPSA	Minister for the Public Service and Administration	RDP	Reconstruction and Development Programme
MTEF	Medium Term Expenditure Framework	RCM	Risk Management Committee
MTSF	Medium Term Strategic Framework	RHLF	Rural Housing Loan Fund
NA	National Assembly	SACE	South African Council of Engineers
NCOP	National Council of Provinces	SALGA	South African Local Government Association
NDP	National Development Plan	SAP	Systems Applications and Products
NHBRC	National Home Builders Registration Council	SCM	Supply Chain Management
NHFC	National Housing Finance Corporation	SDGs	Sustainable Development Goals
NURCHA	National Urban Reconstruction and Housing Agency	SHRA	Social Housing Regulatory Authority
OHS	Occupational Health and Safety	SITA	State Information Technology Agency
PEHG	Provincial Emergency Housing Grant	SLA	Service Level Agreement
PHP	People's Housing Process	SMS	Senior Management Services
PHSHDAs	Priority Human Settlements and Housing Development Areas	SONA	State of The Nation Address
PIE	Prevention of Illegal Eviction	TDRG	Deeds Restoration Grant
POLERT	Policy and Legal Expert Team	TID	Technical Indicator Description
PRTs	Professional Resource Teams	ToR	Terms of Reference
RCF	Risk Champion Forum	UISP	Upgrading of Informal Settlements Programme
RCG	Restructuring Capital Grants	USDG	Urban Settlements Development Grant

3. FOREWORD BY THE MINISTER



The financial year 2019/20 marked the first year of the 2019/24 Medium Term Strategic Framework (MTSF). The process to have the 2019/24 MTSF approved started with consultations of all stakeholders during the Fifth Administration and culminated with the approval by Cabinet in October 2019.

The 2019/24 MTSF is the electoral mandate and the blueprint of the Sixth Administration in which government's five-year plans are articulated.

As set out in the MTSF, the human settlements sector is still committed to its goal envisaged in the National Development Plan (NDP), which is to recognise that where people live and work matters. It is in this context that the Department of Human Settlements (DHS) is partnering with other departments, spheres of government, the private sector and civil society in the delivery of human settlements to scale up delivery while ensuring the realisation of long-term investments that will generate employment and economic returns to support sustainable inclusive urban growth.

As part of the five-year goals from 2019 to 2024, the Department had initially envisaged to identify 94 priority housing development areas, in part in recognition of 1994, the year we attained our freedom from the yoke of oppression under the Apartheid regime.

However, the process ultimately yielded 136 Priority Human Settlements and Housing Development Areas (PHSHDAs). During the year under review, the Department readied itself by ensuring that the main focus of the next developmental trajectory will be on ensuring that spatial restructuring takes place within the identified PHSHDAs.

As indicated in my Budget Vote delivered on the 16 July 2019 and 25 July 2019 in the National Assembly (NA) and National Council of Provinces (NCOP) respectively, despite the successes achieved since 1994 with the provision of services to those South Africans previously denied these services, we still have significant and unacceptable levels of inequality and poverty. As such, strategies and programmes articulated in this 2019/20 Annual Report and implemented during the period under review aim to reinforce the goal to create social and economic livelihoods through decent housing that would allow citizens to build their family and community life in a holistic and inclusive sense.

Gender equality and empowerment, particularly of youth and of small and medium enterprises, remain central in the delivery of human settlements. In order to meet the challenges facing women, youth and people living with disabilities we will ensure their full participation in the implementation of our programmes.

All these have to happen within the context of dwindling state resources, noting that the sector lost about R17,3 million through budget cuts during the financial year under review, estimated to be R16.8 billion over the three-year Medium Term Expenditure Framework (MTEF). Despite these cuts, the sector committed

almost R150 million and R277 million to the municipalities and provinces respectively to deal with the provision of emergency housing. This allowed us to respond to those who were in need of housing on an emergency basis, brought about by severe weather conditions including floods, fires and unforeseen circumstances.

Just before the close of the financial year under review, the President addressed the nation on measures to combat the COVID-19 pandemic and declared a State of National Disaster in terms of the National Disaster Act. In response, I immediately called upon everyone in the human settlements, water and sanitation sector to work with government in responding to the pandemic and directed the department to urgently find solutions that would prevent the spread of the Coronavirus in high-density public areas, informal settlements and rural areas. Amongst other measures, I appealed for evictions to be halted, and instead for the municipalities and private property owners to prioritise measures aimed at curbing the spread of the COVID-19 pandemic.

It is anticipated that the COVID-19 pandemic and responses that it necessitated will have dire consequences for South African economy and our sector is not likely to be spared. As a result the sector will have to continue to reprioritise in the forthcoming years under increasingly difficult fiscal conditions.

A handwritten signature in black ink, appearing to read 'LN Sisulu'.

LN SISULU, MP

Minister for Human Settlements, Water and Sanitation

4. DEPUTY MINISTER STATEMENT



In the financial year under review, 2019/20, we saw the introduction and launch of the District Development Model (DDM) by His Excellency, President Cyril Ramaphosa. The DDM requires the various spheres of government – national, provincial and municipal – to collaborate when rendering

service delivery to our communities. Our understanding of the system of government confirms that this model finds its legitimacy in the Constitution, policies and legislation of our country. The inter-governmental relations planning, combined with the funding alignment, is a key principle for good integrated development.

In August 2019, we were invited to visit the community of Ntokozweni in the OR Tambo District Municipality in the Eastern Cape. The challenges faced by this community were raised with us during the election campaign and we went there as different spheres of government, led by the Office of the Premier, to address the community's housing, water and sanitation challenges, among others. The result was a coordinated intervention that addressed these various concerns, leading to 14 houses being built and handed over to destitute families in the district. This programme addressing the needs of the indigent

remains our priority through all our provinces and municipalities.

In January 2020, we facilitated the signing of an agreement between the three spheres of government which include the National and Provincial Departments of Human Settlements and the Buffalo City Municipality. This is in line with the programme Upgrading of Informal Settlements and it paved the way for the development of the Duncan Village informal settlement in East London. Again, guided by principles underpinning the District Development Model, just before the end of the financial year, we championed several meetings between the various spheres of government to address the concerns of the Kanana informal settlement near Cape Town. As a result, we managed to resolve one of the burning issues in the housing delivery value chain, namely the allocation and relocation of beneficiaries. An agreement to relocate 150 beneficiaries from Kanana to the Forrest Village housing project was reached and implemented.

We have collaborated with provinces and municipalities in fast-tracking the issuing of title deeds to our people. We tackled this task head-on in KwaZulu-Natal and Limpopo with the Members of Executive Council (MECs), Executive Mayors and Councillors. After realising that the issuing of title deeds did not proceed as fast as we wished, we visited all the provinces that were hugely affected by this where we met with Premiers and relevant MECs. Going forward, we all agreed that we would take a closer look at the performance of this programme.

The DHS can always be counted on when it comes to the empowerment of women and youth. Our commitment to this cause is not mere rhetoric but is demonstrated through our housing projects where we encourage provinces and municipalities to set aside 30% of their budgets for these designated groups.

In the financial year 2019/20, the Department has shown incredible strides in implementing women empowerment projects. As much as 23% of both the Human Settlements Development Grant (HSDG) and the Urban Settlement Development Grant (USDG) were awarded to women-owned business entities. We still have more work to do as we would like to see the full 30% allocation quota and above for women being reached. For the Youth Economic Empowerment Programme, at a national scale, a total target of 10% has been achieved. Much more needs to be done by the provinces and metros as we are aiming to exceed the 10% threshold. It is befitting of us to congratulate the province of Limpopo that has exceeded the 30% allocation quota for women by allocating more than 32% of projects to women-owned business entities through the HSDG during the 2019/20 financial year.

Our delivery in the Military Veterans Housing Programme did not perform as expected in the year under review. This is due to challenges linked to the database for military veterans under the auspices of the Department of Military Veterans. The Deputy

Minister of the Department of Military Veterans and I have met a number of times in trying to resolve the challenges around the approved database for military veterans. The main aim of our meetings was to resolve all the challenges faced in completing the work of housing our military veterans.

Towards the end of our financial year, we witnessed the introduction to the era of Covid-19. This is a period where the people of the world and our own South African communities are facing the devastating effects of the invisible enemy known as the coronavirus – a virus that is proving to be ruthless and unyielding in its attack on our people and our economy. This has also forced us to learn to live side by side with the existence of the virus.

It is widely reported that this merciless virus will not perish on its own but will require from all of us to change the way we do things and respond to the pandemic systematically. The work of our department will be affected by the pandemic in many respects. Since March 2020, we have had to slow down the pace of housing delivery and in the new financial year our budget has received a significant cut necessitated by the impact of the pandemic.

Going forward, we will be required to do all we can with what we have. We will continue with our mandate in the development and capacitation of the women and youth of our country. We will strive to wipe out the backlog for housing the military veterans of our country. These matters have been and continue to be our priority. Another important area we are focusing on is that of providing a rapid response as we intervene in cases of the elderly, child-headed homes and people living with disabilities. It is our view that delivering houses to this group of vulnerable people should be prioritised. Lastly, as the DHS, we take seriously the programme of issuing title deeds to beneficiaries. It remains our commitment that this area will receive our undivided attention as it fulfils the desire to provide all our communities with security of tenure.



P TSHWETE, MP
Deputy Minister for Human Settlements

5. REPORT OF THE ACCOUNTING OFFICER



Introduction

During the financial year 2019/20 we marked various milestones that were both special and devastating to the South African society. Of outmost importance is the celebration of 25 years of South Africa's democracy, which provided an opportunity

to look back at the road travelled where the provision of about 4.8 million housing opportunities affected just over 25% of the total number of households. We celebrated the strong foundation laid by our housing and human settlements legislation, policies and programmes, the well-oiled but sometimes challenging delivery machinery system and the accountability systems that have been evolving and adapting over this period. The sterling record of achieving an unqualified audit outcome has been remarkable. In the 2018/19 financial year, the DHS achieved an unqualified audit with a finding on performance information, and it is the Department's intention to continue improving on audit outcomes with the purpose of reaching a clean audit.

Retooling and Consolidation

The 2019/20 Annual Report reflects the collective effort undertaken by the human settlements sector in its endeavour to respond to our constitutional mandate of facilitating access to adequate housing. This financial year marks the first year of the Sixth Parliament which saw Cabinet approving the MTSF

2019–2024, which enjoins us to achieve key deliverables towards meeting the vision set out in the NDP.

In this financial year we convened a Human Settlements Indaba in recognition of the centrality of partnerships in our work. We tabled our plans for the next five years, creating opportunities for partnerships and commitments in delivering on the MTSF 2019–2024 targets. Principal among these was a proposal to address spatial transformation through the declaration of Priority Housing and Human Settlements Development Areas as spaces of mutual investment. A total of 136 Priority Housing and Human Settlements Development Areas were approved by the Minister and Members of Executive Councils (MinMEC) for public consultation. About 60% of our budgets will be directed towards investment in these spaces. We also sought to sharpen our land assembly strategy for development of human settlements in support of the rapid land release strategy.

In addition, the Department has embarked on a process to review our key delivery programmes, which include the following:

- The Integrated Residential Development Programme;
- Finance Linked Individual Subsidy Programme (FLISP);
- The Upgrading of Informal Settlements Programme (UISP); and
- Social and Rental Housing Programme.

We plan to review the implementation and funding arrangements that will be embedded in the National Human Settlements Code.

An Upgrading of Informal Settlements Partnership Grant was muted as a strategy to accelerate the infrastructure provision for informal settlements, and the 2019/20 financial year was adopted as a window for completing groundwork in planning, budgeting and implementation.

Outcomes of Support Provided to Provinces and Municipalities

Provinces and municipalities play a critical role in ensuring that the National Department of Human Settlements fulfils its mandate. Section 125 (2) and (3) of the Constitution directs that national departments must support these tiers of government should the need arise. During the year under review, we have provided technical, planning and financial support as part of the Section 100 Intervention in the North West Province. This intervention resulted in improvements in both the financial and non-financial performance. A request to render assistance was received from the Premier of the Northern Cape Province. The Minister of Human Settlements, Water and Sanitation directed that the Department intervened as requested to re-engineer the provincial department to meet its obligations.

We continued with our assistance to the Nelson Mandela Bay and Buffalo City Metropolitan Municipalities with the aim of strengthening governance and institutional capacity. This assistance was also extended to the eThekweni Metropolitan Municipality. The positive impact has resulted in improved outcome performance levels and outputs from the Provincial Eastern Cape DHS, Buffalo City Municipality, the Nelson Mandela Metropolitan Municipality and eThekweni Metro.

Reforming the Departmental Entities

Within its portfolio of entities, the Department has three entities with a regulatory mandate, one with a development implementation mandate and one which straddles a regulatory and financial mandate.

Based on a previous evaluation, the Department is in the process of legislatively consolidating its entities through a development finance mandate. It has already operationally consolidated the National Housing Finance Corporation (NHFC) entity. Once the NHFC has been legislatively institutionalised as the Human Settlements Development Bank (HSDB), it will allow the entity to undertake a greater and more active role in redressing market failure in the housing finance market. It will also enable its larger balance sheet to be leveraged so as to undertake a more aggressive stance towards transforming the housing finance market, rather than adhering to the current lethargic approach.

Once the regulations relating to the Property Practitioners Regulatory Authority are promulgated, this will enable the use of regulatory mechanisms to transform the sector, which continues to be a laggard in transformation, notwithstanding the substantial amount of investment into the sector by the state.

The pending transfer of land and properties from the Public Works and Infrastructure Department as well as from the Agriculture, Land Reform and Rural Development Department will allow the Department to take active and concrete steps to institute the long required spatial integration and spatial justice

reforms. This will be done through the Housing Development Agency (HDA).

In addition, a more expansive approach to the rental sector will enable the Social Housing Regulatory Authority to ensure that more individuals and households with low incomes are able to access rental accommodation. The current neglect of the income groups earning below R3500 a month leaves individuals and households in this segment open to corruption, lack of safety and exploitation in meeting their housing needs.

The National Home Builders Registration Council (NHBC) in the sector needs to take on a more activist and transformative role in removing barriers to entry for developers, builders and even manufacturers and suppliers of building material. There is a need for a more incentive-based regulatory mechanism to ensure transformation.

The lack of the ability on the part of the Community Schemes Ombud Service (CSOS) to see its role as broader than just managing middle- and high-income sectional title schemes is unfortunate. The fact of the matter is that the need for more compact and integrated towns and cities will require a more broad-based, medium-density housing focus. This requires a progressive approach to the sector, rather than one which is focused on administration and regulation.

A radical change in the developmental intent and ethos of entities is required to achieve the desired transformation of the sector.

Funding, Expenditure & Accountability

Although our country's poor economic performance resulted in the DHS experiencing a budget reduction of approximately R17.3 million, our collective effort resulted in the delivery of about 116 292 housing opportunities targeting the most vulnerable households. The Department's total expenditure for the period ending 31 March 2020 was R33.3 billion, which represents 98.5% of allocated funds.

The voted funds for the HSDG amounted to R18.8 billion. Additional funding of R247 million was allocated by National Treasury to KwaZulu-Natal for repairing infrastructure damage as a result of floods. The approved rollover from the 2018/19 financial year amounted to R167.8 million and the total available funds for the implementation of our programmes increased to R18.9 billion. A total of R18.8 billion was transferred to provinces of which R18.4 billion was spent.

Our prudent oversight unearthed poor performance and under-expenditure in Gauteng, the Free State and Northern Cape provinces, which resulted in a resolution to withhold grant tranche payments. As a result, a total amount of R394 million was not transferred to the Free State (R118 million), Gauteng (R250 million) and Northern Cape (R26 million) provinces. These funds were reallocated to the Eastern Cape, KwaZulu-Natal, Mpumalanga and Western Cape provinces, which received R98.5 million each.

Overview of the Financial Results of the Department

Departmental Receipts

The USDG had a total budget of R12.045 billion for the metropolitan municipalities. The approved rollover of R123.8 million provided an additional funding for the metropolitan municipalities. Thus, the total budget for USDG was R12.169 billion. By 31 March 2020, R11.6 billion was transferred to all eight metros and a total amount of R5.1 billion was spent. Overall, only 42.5% of the total available funds were spent.

The Department of Human Settlements is not a trading entity; therefore, its receipts emanate from administrative activities, which include commission earned on the payroll withholdings; parking fees from staff members; refunds for telephone usage; and garnishee orders.

During the 2019/20 financial year, the Department over-collected in respect of interest, dividends and rent on land because of a

higher than expected interest earned on unspent grant funds deposited by provinces into the account of the Department. These funds could not be immediately transferred to the National Revenue Fund as they were deposited without the essential references. In addition, in the year under review, debt amounting to R747.00 were written off as bad debt in terms of the DHS Debtors Management Policy. The following table presents a summary of the departmental receipts for the year under review:

Table 1: Departmental Receipts

Departmental receipts	2019/20			2018/19		
	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	205	204	2	208	206	2
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	115	136	(21)	22	652	(630)
Sale of capital assets	-	180	(180)	-	174	(174)
Transactions in financial assets and liabilities	408	340	67	620	532	88
Total	728	860	(132)	850	1 564	(714)

Table 2: Expenditure by Programme

Programme Name	2019/20			2018/19		
	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
1. Administration	464 667	426 158	38 509	448 188	410 879	37 309
2. Human Settlements Policy, Strategy and Planning	104 657	94 614	10 043	97 141	90 106	7 035
3. Programme Delivery Support	241 494	203 177	38 317	231 507	174 532	56 975
4. Housing Development Finance	33 051 096	32 621 604	429 492	31 679 007	31 519 867	159 140
Total	33 861 914	33 345 553	516 361	32 455 843	32 195 384	260 459

Programme Expenditure

The total expenditure for the period ending 31 March 2020 was R33.3 billion, representing 98.5% of the allocated funds. The under-spending of R516.3 million translates to 1.52% of the total allocation. Table 2 indicates the expenditure per programme.

Reason for underspending

The Department underspend by R516,3 million as a result of the following:

a. Compensation of employees:

- i. The introduction by National Treasury of a new budget structure and the new MTSF resulted in reconsideration of certain posts and rethinking of the Department's organisational structure.
- ii. Delays in both recruitment and post-prioritisation processes resulted in an inability to fill critical vacant positions before the end of the financial year.

b. Procurement of goods and services:

- i. Delays in the appointment of services providers.
- ii. Insourcing instead of outsourcing the development of MTSF 2019–2024.
- iii. Non-delivery of procured IT equipment because of COVID-19 lockdown experienced in our trading partner countries worldwide.

c. Transfers and subsidies:

- i. Non-payment to the State Information Technology Agency (SITA) as they failed to provide the required services on the Housing Subsidy System as per the service level agreement (SLA).
- ii. Non-transfer of funds to the Mangosuthu University of Technology for the Human Settlements Research Chair.
- iii. Phasing out of a scholarship programme for non-employees of the Department.
- iv. Non-transfer of the Urban Settlements Development

Grant (USDG) due to under-performance of Nelson Mandela Metropolitan Municipality.

Under expenditure per programme

1. Programme 1: Administration:
The programme underspent by R38.5 million which represents 8.3% of the adjusted allocation of R464.6 million.
2. Programme 2: Human Settlements Policy, Strategy and Planning:
The programme underspent by R10 million which represents 9.6% of the adjusted allocation.
3. Programme 3: Programme Delivery Support:
The Programme underspent by R38.3 million which represents 15.9% of the adjusted allocation.
4. Programme 4: Housing Development Finance:
The Programme underspent on USDG by R429.4 million which represents 1.3% of the adjusted allocation.

Virements and Rollovers

No rollovers were approved by National Treasury for the 2019/20 financial year.

Virements after Adjustment Budget Estimate

From	To	Amount R'000	Reason
Programme 1: Administration	Programme 4: Housing Development Finance	1 500	To fund the review the current finance and funding model to better target the realisation of human settlements outcomes
Programme 4: Housing Development Finance	Programme 1: Administration	1 500	To fund a shortfall in Legal Services for the payments due to the State Attorney

Fruitless and Wasteful Expenditure

Incident	Disciplinary steps taken/criminal proceedings	2019/2020 R'000
Late payment of employee and employer pension fund contribution	Still under investigation	13
Total		13

Future Plans of the Department

At the end of every five years, the Department, as required by government, embarked on a review and development of the MTSF. The Department, through its MTSF, intends to implement programmes that would transform human settlements into liveable and sustainable spaces through spatial targeting and consolidation. The main goals are:

- To develop liveable neighbourhoods through various programmes;
- To provide access to adequate housing through a range of programmes targeting households; and

- To develop a functional residential property market to support the realisation of asset value.

We are sharpening our tools to ensure that in the next five years we achieve the following:

- Accelerate the planning and implementation of the Upgrading of Informal Settlements Programme (UISP). The approval by the National Treasury of the Informal Settlements Upgrading Partnership Grant and development of indicators to improve the management of the UISP are major milestones to ensure that we contribute in improving the living condition of millions of

households in line with the Sustainable Development Goals (SDGs) and Agenda 2063. Our plan is to install the requisite settlement infrastructure at about 1500 informal settlements throughout the country while providing security of tenure to millions of households;

- Accelerate the issuing of title deeds of which the backlog stands at 1.1 million;
- Operationalise the Human Settlements Development Bank (HSDB). The human settlements development finance institutions have been merged into one entity;

- (d) Strengthen the human settlements public entities and position them as a key force in driving the human settlements transformation and access to adequate housing;
- (e) Drive a robust campaign with the sole intention of unlocking land to house South Africans that qualify for government assistance. This will include constructive engagement of various public entities and government departments, private landowners, developers and civil society.
- (f) Enhance the Department's responsiveness in relation to housing-related disasters;
- (g) Finalise the drafting and promulgation of the following legislation:
 - i. Property Practitioners Bill; 2018
 - ii. Home Loan and Mortgage Disclosure Amendment Bill, 2018
 - iii. Housing Consumer Protection Bill, 2017
 - iv. Human Settlements Development Bank Bill, 2017
 - v. Prevention of Illegal Eviction from and Unlawful Occupation of Land Amendment Bill, 2006 (PIE Amendment Bill);

- (h) Strengthen the monitoring of grants to ensure that transferred funds are used for intended purposes; and
- (i) Provide technical support to other spheres of government, particularly where there is under-performance, before invoking provisions of the Division of Revenue Act.

Public Private Partnerships

- During the year under review, there were no private public partnerships.

Discontinued Activities/Activities to be discontinued

- During the year under review there were no discontinued activities.

Supply Chain Management (SCM)

- No unsolicited bids were received during the financial year under review.
- The following processes, procedures and systems are in place to prevent irregular expenditure:
 - o Internal SCM circulars, financial delegations, policies, and instruction notes;

- o Bid committees (Specification, Evaluation and Adjudication) are in place and members are appointed in writing by the Accounting Officer or his delegate;
- o Every request for the procurement of goods and services is verified against a check list to ensure compliance with prescripts and to prevent irregular expenditure;
- o When invoices are received, they are verified against a check list before a payment is approved in order to establish possible irregular expenditure; and
- o When irregular expenditure is discovered, it is recorded, investigated and reported to the relevant authority for a formal response.
- The following were challenges experienced in SCM and how they are resolved:
 - o The quality of the bid specifications or terms of reference (ToR) were not always in line with acceptable standards;
 - o Late or non-submission of some projects for incorporation into the procurement plan resulted in late amendments of the procurement plan during the financial year; and
 - o Attempts by a criminal syndicate posing as our department and sending out fake requests for quotation to service providers.

- The following actions were taken to resolve the challenges:
 - o Training sessions with departmental officials were organised;
 - o Workshops were held with various units on the procurement plans and the budget allocation; and
 - o The matter was reported to the Special Investigating Directorate.

Gifts and donations received in kind from non-related parties

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

Exemptions and deviations received from the National Treasury

- No exemptions and deviations were received from National Treasury for the period under review.

Events after the Reporting Period

On the 15 March 2020, the President declared a National State of Disaster to combat the COVID-19 epidemic, in terms of the Disaster Management Act, 2002. Based on the available research, information, practice and science available, it was necessary and urgent that government act swiftly to prevent,

contain, treat and mitigate the negative socio-economic impact and consequences of the pandemic.

The National Department of Human Settlements, based on its policy, legislative and regulatory accountability, identified informal settlements and/or hostels and/or inner-cities, wherein households and/or individuals would be vulnerable and susceptible to COVID-19, as a result of density, congestion and over-crowdedness. This was because science determined that social and physical distancing, hand washing and the wearing of masks were effective in preventing the spread of COVID-19. In consultation and in line with guidelines issued by the National Treasury, the Department reprioritised a portion of the USDG to be utilised in order to prevent, contain, manage and mitigate the spread of COVID-19 in informal settlements and/or hostels and/or inner-city areas in the designated metropolitan municipalities. A total of R2.4 billion was approved by National Treasury through Section 20 (6) of the Division of Revenue Act, 2020 (DoRA) to be utilised in the aforementioned manner.

Going Concern

To counter the negative socio-economic impact and consequences of COVID-19, the President announced a R500 billion fiscal support and stimulus package that includes the provision of social relief to households, individual households, and economic stimulatory measures. Based on an analysis by National Treasury, an amount of R130 billion was required to be reprioritised in the 2020/21 baseline in order to fund the R500 billion social relief and economic stimulation package.

The resultant reprioritisation requires that a National Special Adjustment Budget for the 2020/21 MTEF be prepared and submitted to the Cabinet, prior to referral for consideration and approval by Parliament. The Department budget allocation has been affected by the adjustment, and thus the 2020/21 financial year budget allocation has been adjusted downwards by R2.3 billion from R31.3 billion to R29 billion. Despite the budget reductions, the Department's finances remain sound and stable. The Department is able to financially carry out and maintain its normal operations.

There were no significant adjustments to the targets in the approved Strategic and Annual Performance Plan for 2020/21, as a result of the budget reductions as well as the advent of COVID-19.

Conclusion

As the human settlements sector was concluding the 2019/20 financial year, the country was confronted by the COVID-19 lockdown, which had a negative impact on our operations and budget. The real material impact of the pandemic would be experienced in the next financial year.



M TSHANGANA
Director-General
Accounting Officer
Date: 30 October 2020

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

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

- a. All information and amounts disclosed throughout the annual report are consistent.
- b. The annual report is complete, accurate and is free from any omissions.
- c. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- d. 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.
- e. The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- f. 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.
- g. The external auditors are engaged to express an independent opinion on the annual financial statements.
- h. 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 2020.

Yours faithfully



Accounting Officer: Department of Human Settlements

M TSHANGANA

Date: 30 October 2020

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; and Batho Pele principles.

8. LEGISLATIVE AND OTHER MANDATES

Constitutional Mandate

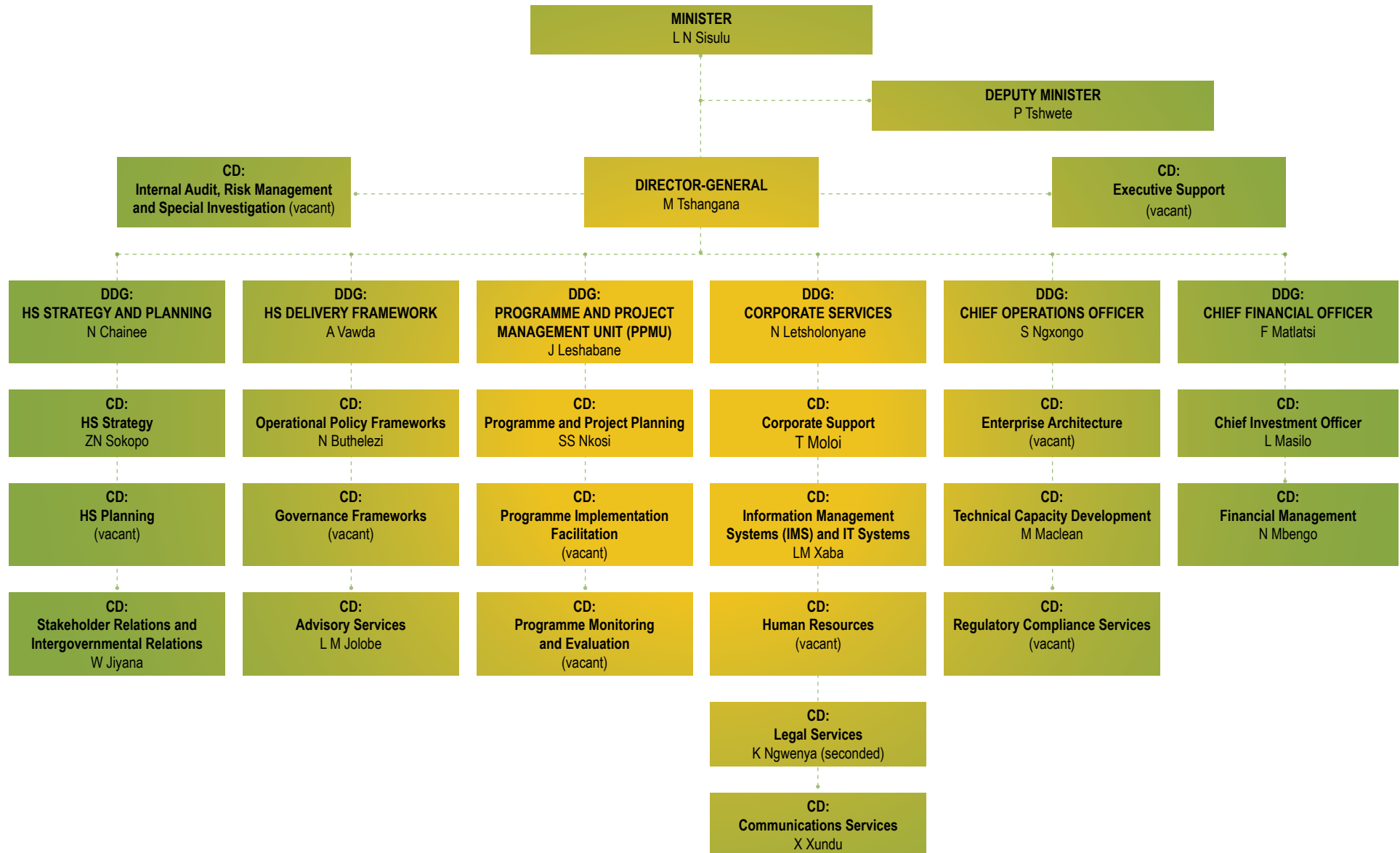
The Department's mandate is derived from Chapter 2, the Bill of Rights, Chapters 3 and 6 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). In terms of Section 26 of the Constitution:

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

The following policies and legislation further elucidate the mandate and guide the operations of the department

Policy or Legislation	Purpose
White Paper on Housing, 1994	To provide a policy framework for sustainable housing development
Housing Act of 1997 (as amended)	To provide for the facilitation of a sustainable housing development process
Comprehensive Plan for the Development of Sustainable Human Settlements, 2004	To provide a strategy for the development of sustainable human settlements
Housing Consumer Protection Measures Act of 1998	To make provision for the protection of housing consumers
Rental Housing Act of 1999	To regulate the relationship between landlords and tenants and provide for dispute resolution
Home Loan and Mortgage Disclosure Act of 2000	To promote fair lending practices, which require disclosure by financial institutions of information regarding home loans
Housing Code 2000	To regulate the sustainable development and provision of for housing
Social Housing Policy, 2005	To provide an enabling environment for social housing
Social Housing Act of 2008	To provide for the establishment of the Social Regulatory Authority in order to regulate all social housing institutions
Property Practitioners Act of 2019	To provide for the regulation of property practitioners, regulate the continuation of the Estate Agency Affairs Board (EAAB) in a new form of the Property Practitioners Regulatory Authority, and further to provide for the transformation of the property practitioners sector through, inter alia, the establishment of the transformation fund and research centre on transformation
Housing Development Agency Act of 2008	To identify, acquire, hold, develop and release land for the creation of human settlements as well as to provide project management services and monitor the provision of all infrastructure required for housing development
Community Schemes Ombudsman Service Act of 2011	To provide for the establishment of the Community Schemes Ombuds Service (CSOS) and provide a dispute resolution mechanism in community schemes
Spatial Planning and Land Use Management Act of 2013	To provide a framework for spatial planning and land use management within the Republic of South Africa

9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Estate Agency Affairs Board (EAAB) 	To regulate, maintain and promote the standard of conduct of estate agents; issue fidelity fund certificates to qualifying applicants; prescribe the standard of education and training of estate agents; investigate complaints lodged against estate agents; manage the Estate Agents Fidelity Fund	The EAAB is empowered in terms of the enabling legislation to raise fees and levies from estate agents	Regulator
Community Schemes Ombud Service (CSOS) 	To provide a dispute resolution service for community schemes; monitor and control the quality of all sectional title schemes governance documentation; take custody of, preserve and provide public access to scheme governance documentation	Whereas the Department provides operational grant funding, 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	Regulator
Housing Development Agency (HDA) 	To facilitate the release of land and landed properties for human settlements development	Whereas 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	Service Delivery Agency
National Housing Finance Corporation (NHFC) 	To mobilise funding into the human settlements space in partnership with a broad range of institutions, while also providing wholesale finance, and to act as a fund and risk manager and the implementing agent for the Finance-Linked Individual Subsidy Programme (FLISP)	Whereas the Department provides capital funding to the entity from time to time to expand its lending activities, the institution funds its operations from interest and fees derived from the lending activities	Development Finance Institution
National Home Builders Registration Council (NHBRC) 	To provide housing consumers with warranty protection against defects in new homes and 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)	The NHBRC is empowered to raise registration and enrolment fees in terms of the enabling legislation	Regulator
Social Housing Regulatory Authority (SHRA) 	To regulate and support the social housing sector in order to accelerate the delivery of sustainable and financially viable social housing projects; responsible for the disbursement of institutional investment and capital grants to social housing institutions	The Department provides SHRA with operational grant funding, the Institutional Investment Grant and the Restructuring Capital Grant	Regulator

The background image is a photograph of a modern, multi-story brick building. The building features several cantilevered balconies with light-colored, possibly concrete or stone, railings. The windows are rectangular with dark frames. In the foreground, there is a landscaped courtyard area with various plants, including tall, spiky green plants and clusters of red flowers. Large, light-colored rocks are scattered throughout the garden bed. A small, modern outdoor lamp is visible in the lower center of the courtyard. The overall scene is brightly lit, suggesting a sunny day.

PART B

PERFORMANCE

INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES (refer to page 132)

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The mandate of the Department of Human Settlements (DHS) is to ensure access to adequate housing for all South Africans. It therefore takes its directive from the Housing Act, Act 108 of 1996, which provides that the DHS should establish and maintain habitable, stable and sustainable public and private residential environments to ensure viable households and communities in areas, with convenient access to economic opportunities, and to health, educational and social amenities. Furthermore, all citizens and permanent residents of the Republic should, on a progressive basis, have access to permanent residential structures with secure tenure, ensuring internal and external privacy and providing adequate protection against elements, as well as potable water, adequate sanitary facilities and domestic energy supply. This means that in discharging its roles and responsibilities the DHS has to ensure that the provision of housing adheres to the following requirements:

- Legal security of tenure;
- Services, materials, facilities and infrastructure;
- Culturally sensitive spaces;

- Habitable housing;
- Adopting policies that enjoin accessibility and affordability; and
- Ensuring better located settlements.

The Comprehensive Plan for the Development of Sustainable Human Settlements further elucidated this mandate by providing impetus for the adoption of, among others, the Informal Settlements Upgrading Programme; the Integrated Residential Development Programme; the Economic and Social Amenities Programme; and the Social Housing Programme. Its key objectives are:

- Accelerating the delivery of housing as a key strategy for poverty alleviation;
- Utilising provision of housing as a major job-creation strategy;
- Ensuring property can be accessed by all as an asset for wealth creation and empowerment;

- Leveraging growth in the economy;
- Combating crime, promoting social cohesion and improving quality of life for the poor;
- Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first residential property boom and the second economic slump; and
- Utilising housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring.

While there have been numerous successes in the implementation of our programmes, we continue to work on the following directives as espoused by the National Development Plan (NDP):

- Review the subsidy regime and consider more flexible instruments to address socio-spatial justice;
- Draw planning and human settlements development more closely together through structuring property value growth by ensuring a more equitable distribution of value;

- Leverage the private sector better to ensure that transit-oriented development mixed-income models are established by incentivising/disciplining investment into the lower end of the market to the benefit of the market in the long term and our society at large;
- Understand the opportunities provided by rental in the housing transition process and thus formulate mechanisms to address the supply side and demand side; and
- Develop state capability to structure more integrated development and, where needed, supporting co-production modes of housing delivery and settlement making.

More specific instructions regarding the strengthening of our programmes are to:

- Review housing policies to better realise constitutional housing rights and ensure that the delivery of housing is used to restructure towns and cities and strengthen the livelihood prospects of households;
- Develop bolder measures for the development of sustainable human settlements;

- Develop a mechanism to respond systematically to entrenched spatial patterns across all geographic scales that exacerbate social inequality and economic inefficiency;
- Build capabilities for transforming human settlements;
- Develop a more coherent and inclusive approach to land for human settlements; and
- Revise the finance regime, tackle informal settlements and expand affordable rental opportunities.

The Department of Human Settlements delivers its mandate through four programmes: Administration; Human Settlements Policy, Strategy and Planning; Programme Delivery Support; and Housing Development Finance. In addition, the Department ensures monitoring and accountability using a National Housing Subsidy System to manage the housing subsidy and a Monitoring, Evaluation and Impact Assessment System to ensure plans are executed.

2.2 Service Delivery Improvement Plan

Main Services and Standards

Main Services	Beneficiaries	Current/Actual Standard of Service	Desired Standard of Service	Actual Achievement
Resolution of disputes	- The general public - Contractors (legal entities) - Beneficiaries	100% of lodged disputes investigated within 90 days	100% of lodged disputes investigated within 90 days	100% of lodged disputes were investigated within 90 days
General enquiries	- The general public - Contractors (legal entities) - Beneficiaries	100% attended to	100% attended to	100% attended to

Batho Pele Arrangements with Beneficiaries (Consultation Access, etc.)

Current/Actual Arrangements	Desired Arrangements	Actual Achievements
Various mechanisms, including walk-ins, website and telephone calls	Well-coordinated case management system	100% of lodged disputes were investigated within 90 days

Service Delivery Information Tool

Current/Actual Information Tools	Desired Information Tools	Actual Achievements
Record of queries	100% of lodged disputes investigated within 90 days	100% of lodged disputes were investigated within 90 days 401 disputes/complaints were received during the year under review 229 disputes/complaints were resolved and the files closed 167 of the lodged disputes/complaints are still open and are under investigation - Two rental-related complaints were referred to rental housing tribunals for resolution - Five cases were referred to both the City of Cape Town and Joburg Ombuds respectively for further investigation - Trends identified included misallocation of subsidy houses; long waiting periods following approval of subsidy; lack of provision of title deeds long after allocation of subsidy houses; non-implementation of rent-to-buy scheme; non-payment of contractors; illegal occupation of subsidy houses; ownership disputes of subsidy houses and old township houses; and illegal sales of houses N.B. Of utmost concern is the growing number of complaints regarding the level of services rendered by entities, in particular CSOS and the Rental Housing Tribunals

Complaints Mechanism

Current/Actual Complaints Mechanism	Desired Complaints Mechanism	Actual Achievements
Complaints lodged on website, and through walk-ins and telephone calls	Develop complaints management system	100% of lodged complaints/disputes investigated within 90 days

2.3 Organisational Environment

The Department has been embarking on the process of reviewing its organisational structure since the middle of the Fifth Administration term and has carried this over to the Sixth Administration, with the implementation date set for 1 June 2020. The proposed organisational structure is not 100% aligned to the objective-based budget structure; however, all programmes and sub-programmes outlined in the objective-based budget structure are catered for in the proposed organisational structure. The roles, responsibilities and functions of national, provincial and local government in the human settlements sector as outlined in the Housing Act 107 of 1997, as amended, have also been taken into consideration in the development of this proposed structure.

While finalising the process to review the organisational structure, it is noted that there has been reasonable stability in the senior management positions of the Department as most of the incumbents have been in the same positions for a period of more than five years. A skills audit exercise is underway to determine the capacity level available to the Department so as to successfully implement the MTSF.

The cut in the Compensation of Employees (CoE) budget during the MTEF period was one of the constraints in the Department's endeavour to build its capacity to deliver on its mandate. Notwithstanding this, the Department filled 22 (26%) of its prioritised and critical posts. The Department prioritised the filling of 84 critical posts of which 33 (39%) were advertised on salary levels 3 to 14. There are acting appointments in some of the posts which are in the process of advertising, recruitment and selection.

2.4 Key Policy Developments and Legislative Changes

The key policy development changes include the following enhancements of the Housing Code:

- Implementation guidelines for the Special Housing Needs Programme;
- The programme for socio-economic amenities;
- Reforming FLISP to 'Help me buy a home';
- The norms and standards for rental to satisfy the requirements of the Rental Amendment Act of 2014; and
- The enactment of the Property Practitioners Act.

3. STRATEGIC OUTCOME ORIENTED GOALS

Below are the sub-outcomes of the Department as outlined in the Strategic Plan.

- Enhancing institutional capabilities for effective coordination of spatial investment decisions.

Medium Term Strategic Framework Sub-outcomes

- Providing adequate housing and improved quality living environments;
- Transforming the residential property market; and

The strategic goals of the Department have since been revised and are responsive to the long-term goals and objectives of the Human Settlements Strategic Agenda. The revised strategic goals and objectives of the Department are as follows:

Departmental Budget Programmes

Programme	Purpose	Strategic Goal (High Level Impact)	Strategic Objectives (High Level Output)
1. Administration	Provide strategic leadership and management support services to the Department	Enhanced efficiency and effectiveness of the Department	Promote efficient and effective administrative processes Effective and efficient legal support Efficient and effective information technology systems
2. Human Settlements Policy, Strategy and Planning	Manage the development of policy and related frameworks and compliance with human settlements sector delivery	Integrated and responsive human settlements sector planning and policy environment	Develop evidence-based policies and programmes Establish partnerships to support the delivery of human settlements sector priorities
3. Programme Monitoring and Delivery Support	Support the execution, and monitor and evaluate the implementation, of human settlements programmes and projects Manage the building of capacity and skills in the sector and provide oversight of public entities	Increased delivery of adequate housing in quality living environments	Provide implementation support on the delivery of sustainable human settlements Ensure enhanced sector monitoring and evaluation Improved support and capacity for the human settlements sector
4. Housing Development Finance	Fund the delivery of housing and human settlements programmes Manage all matters related to improving access to housing finance and developing partnerships with the financial sector		Ensure efficient and effective utilisation of human settlements grants

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

Purpose

The purpose of this programme is to provide strategic leadership and support services to the Department. This programme consists of six sub-programmes: Financial Management; Advisory Services; Enterprise Architecture; Internal Audit; Risk Management and Special Investigations; and Corporate Services. These are organised to ensure that the Administration Programme achieve the following:

- Provision of effective and efficient management and utilisation of financial resources in line with the prescripts;
- Ensuring that the ICT infrastructure is reliable, secure and available;

- Establishment and maintenance of a conducive working environment;
- Provision of legal services;
- Provision of an efficient and effective administrative process; and
- Provision of communication services on housing and human settlements-related matters.

Strategic Objectives

- Promote internal and external communication on human settlements;
- A reliable, secure and available ICT infrastructure;
- Effective and efficient legal support;
- A capacitated and diverse workforce in a conducive working environment; and
- Promote efficient and effective administrative processes.

The table below indicates the strategic objectives, performance indicators, planned targets and actual achievements of this programme.

Strategic Objectives:

Programme Name: Administration					
Strategic Objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
1. To promote efficient and effective administrative processes	Unqualified Audit Report with an emphasis of matter on financial information and material findings on predetermined objectives	Unqualified audit opinion 2018/2019 with no emphasis of matter	Unqualified Audit Opinion with material findings	Audit findings indicate that there is a need to review our technical indicator descriptions and recraft our predetermined objectives	Insufficient audit of performance from provinces

Programme Name: Administration					
Strategic Objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
2. Effective and efficient legal support	Development of human settlements legislation entails the following: The Human Settlements Development Bank Bill will be re-worked by POLERT, in order to conform to particular legal standards; The Human Settlements Bill has been developed, but still needs to undergo appropriate approval structures; The Property practitioners Bill 2018 (B21B-2018) was referred to and debated at the National Council of Provinces and it was unanimously agreed to and voted on by all parties represented in Parliament and their respective provinces; The Department is waiting for the Cabinet's approval of the Housing Consumer Protection Bill, 2016; A Cabinet Memorandum requesting Cabinet to approve the submission of the Home Loan and Mortgage Disclosure Amendment Bill, 2016 to Parliament for introduction has been signed by the Minister. The Department is waiting for the Cabinet approval There is a strong view that the PIE Amendment Bill must be referred back to the Department of Rural Development and Land Reform (DRDLR)	Human Settlement Legislation Developed	The planned legislative frameworks were processed in line with the approved legislative programme. The details are provided under programme indicators	None	Not Applicable

Programme Name: Administration					
Strategic Objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
3. To provide ICT infrastructure that is reliable, secure and available	96.5%	Provide integrated ICT services	Both the availability of HSS Database Systems to provinces and the availability of secured ICT services were achieved as planned	None	Not applicable

Performance Indicators:

Sub-programmes: Enterprise Architecture, Financial Management, Internal Audit, Special Investigations, Risk Management, Regulatory Compliance, Human Resources Management and Office of the Ombudsman							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Promote efficient effective administrative processes							
1.1. Percentage compliance with statutory tabling and prescripts	100% compliance with statutory tabling and prescripts	100% compliance with statutory tabling and prescripts Quarterly Performance Annual Reports (Preliminary and Actual) Annual Report 2016/2017 tabled Approved 2018/2019 Annual Performance Plans tabled Interim Financial Statements Estimate of National Expenditure (ENE)	75% compliance with statutory tabling and prescripts: • Department's Strategic and Annual Performance Plans • Quarterly performance reports • Annual Performance Report 2017/18 • Interim and Annual Financial Statements developed and submitted • Estimated National Expenditure (ENE) and MTEF submission • Monthly early warning system report • Departmental Procurement Plan • A schedule indicating the received and paid invoices • Report on the implementation of MPAT processes and improvement plan	100% compliance with statutory tabling and prescripts	91% compliance with statutory tabling and prescripts	9% deviation from statutory tabling and prescripts The 2020/25 Strategic Plans and 2020/21 Annual Performance Plans of NHFC and EAAB tabled on 11 May 2020 NHFC tabled on 17 April 2020 EAAB tabled on 11 May 2020. Quarter 1: 1 Invoice was submitted late for processing Quarter 4: March invoice report was signed and submitted on 19 May 2020 which was after the due date	The 2020/25 Strategic Plans and 2020/21 Annual Performance Plans of EAAB and NHFC were not compliant with the requirements of the Revised Framework for Strategic Plans and Annual Performance Plans and tabling prescripts The Department consulted with the entities to correct the plans and ensure adherence to the revised planning framework A circular was sent out to staff on regular intervals to remind them to give immediate attention to invoices in order to ensure payment of suppliers within 30 days

Sub-programmes: Enterprise Architecture, Financial Management, Internal Audit, Special Investigations, Risk Management, Regulatory Compliance, Human Resources Management and Office of the Ombudsman							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Promote efficient effective administrative processes							
1.2. Percentage implementation of the approved internal audit plan	73% implementation of the annual audit plan	81% implementation of the approved internal audit plan	100% implementation of the approved internal audit plan done	100% implementation of the approved internal audit plan	82% Implementation of the approved internal audit plan	18% of the targeted audits not completed	Prioritised nine (9) critical management request reviews and expanded scope regarding review of reported delivery figures by provinces The outstanding audits [2019/2020] to be completed in the next financial year
1.3. Percentage Implementation of the approved risk management plan	88% implementation of the approved risk management plan	97% implementation of the approved risk management plan	100% implementation of the approved risk management plan done	100% implementation of the approved risk management plan	100% implementation of the approved risk management plan	None	Not applicable
1.4. Percentage execution of the approved anti-fraud and corruption implementation plan	68% execution of the approved anti-fraud and corruption implementation plan	61% execution of the approved anti-fraud and corruption implementation plan	100% execution of the approved anti-fraud and corruption implementation plan	100% execution of the approved anti-fraud and corruption implementation plan	100% execution of the approved anti-fraud and corruption implementation plan	None	Not applicable

Sub-programmes: Enterprise Architecture, Financial Management, Internal Audit, Special Investigations, Risk Management, Regulatory Compliance, Human Resources Management and Office of the Ombudsman							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Promote efficient effective administrative processes							
1.5. Percentage implementation of the annual human resource implementation plan	87% implementation of the annual human resource plan	82% implementation of the annual human resource plan	93% implementation of the annual human resource plan	100% implementation of the annual human resource plan	68% implementation of the annual human resource implementation plan	32% deviation from the target implementation of the annual human resource plan	• The planned quarterly Batho Pele Change Management Engagement Programme (BPCMEP) session not held • The planned quarterly diversity awareness session not held due to unavailability of employees • Awareness raising interventions on Batho Pele and principles and diversity planned as quarterly targets for 2020/21 • To request an acknowledgement letter on a quarterly basis when submitting PILIR report • Delays in the finalisation of the organisational structure; the Minister appointed a specialist to support the finalisation of the organisational structure

Sub-programmes: Enterprise Architecture, Financial Management, Internal Audit, Special Investigations, Risk Management, Regulatory Compliance, Human Resources Management and Office of the Ombudsman							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
1.6. Percentage of lodged disputes investigated within 90 days	New Target	New Target	100% of lodged disputes investigated within 90 days	100% of lodged disputes investigated within 90 days	100% of lodged disputes investigated within 90 days	None	Not applicable

Sub-programmes: Legal Services							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Effective and efficient legal support							
2.1. Number of reports on the development of legislative framework as per approved legislative programme	Four Reports on the development of legislative framework as per approved legislative programme were produced	Comprehensive human settlements legislation developed (as per Annual Performance Plan) 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	Development of Human Settlement Legislation entails the following: - The Human Settlements Development Bank Bill will be reworked by POLERT in order to conform to particular legal standards - The Human Settlements Bill has been developed, but still needs to undergo appropriate approval structures - The Property practitioners Bill 2018 Bill [B21B-2018] was referred and debated at the National Council of Provinces and it was unanimously agreed to and voted on by all parties represented in Parliament and their respective provinces	4 reports on the development of legislative framework as per legislative programme	4 reports on the development of legislative framework submitted	None	Not applicable

Sub-programmes: IMS and IT							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: To provide ICT infrastructure that is reliable, secure and available							
3.1. Percentage availability of the HSS database systems	99% of database systems available to provinces	96% HSS database systems available to provinces	98% availability of HSS database systems to provinces	90% availability of HSS database systems	98% availability of HSS database systems to provinces	8%	The average availability for the quarter for all the systems was 98%. Maintenance was conducted as required timeously
3.2. Percentage availability of secured ICT Services	90% availability of secured ICT services	85% availability of secured ICT services	95% availability of secured ICT services	90% availability of secured ICT services	90% availability of secured ICT services	None	Not applicable

Reasons for all deviations

The reasons for deviations were provided within the tables where planned performance was not achieved under column for comments on deviation.

Strategy to overcome areas of under performance

Not applicable.

Changes to planned targets

There were no changes to the planned targets.

Linking performance with budgets

The programme achieved 66% of its targets fully and 33% of its targets partially. This programme provides support to the Department, and the biggest cost driver is compensation of employees, expenditure on related goods and services as well as IT-related expenditure, legal fees, audit costs and leasing of office accommodation. On compensation of employees the programme achieved a 91% spending rate and on goods and services a 93% spending rate. The reasons for the spending rates are as follows:

- Compensation of employees: Vacant positions could not be filled on time before the end of the financial year. This was due to delays in the recruitment process coupled with the fact that the Department was reviewing its organisational structure. Caution had to be exercised in filling vacant positions as there was no certainty as to whether the existing vacant positions would still be in the new structure.

The introduction by National Treasury of a new budget structure also delayed the completion of the Department's organisational structure.

- Goods and Services: Underspending is attributed to delayed appointments of panels of service providers to assist the Department's Internal Audit, Risk Management and Special Investigations. Positions were not filled immediately when they became vacant as a result of the advertising budget underspending.
- Expenditure for capital assets: Underspending is attributed to the delayed replacement of computers and laptops as part of the implementation of the Virtual Private Network. Suppliers were unable to deliver due to lockdowns in various countries overseas.

Sub-programme: Expenditure

Programme 1: Administration

Sub-programme Name	2019/2020			2018/2019		
	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	73 687	69 668	4 019	80 669	70 036	10 633
Departmental Management	62 918	56 070	6 848	69 427	62 411	7 016
Corporate Services	210 265	193 709	16 556	190 383	171 632	18 751
Property Management	53 468	53 462	6	51 097	50 577	520
Financial Management	64 329	53 249	11 080	56 612	56 223	389
Total	464 667	426 158	38 509	448 188	410 879	37 309

4.2 Programme 2: Human Settlements Policy, Strategy and Planning

Purpose

The purpose of this programme is to develop human settlements policy and strategy as well as to ensure planning for the implementation of human settlements programmes. The programme consists of the following sub-programmes: Operational Policy Frameworks; Governance Frameworks; Human Settlements Strategy; Human Settlements Planning; and Stakeholder and Intergovernmental Relations.

Strategic Objectives

- To establish partnerships to support the delivery of human settlements sector priorities;
- To manage the development and maintenance of housing and human settlements policy; and

- To develop evidence-based policies and programmes.

The table below indicates the strategic objectives, performance indicators, planned targets and actual achievement for the financial year 2019/20.

Strategic Objectives:

Programme Name: Human Settlements Policy, Strategy and Planning					
Strategic Objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on Deviations
1. To establish partnerships to support the delivery of human settlements sector priorities	Approved the National Human Settlements Development Plan (HSDG-funded) submitted	National human settlements development plans developed	National human settlements development plans developed	None	Not applicable
	Intergovernmental structures maintained for the delivery of human settlements sector priorities	Intergovernmental structures maintained for the delivery of human settlements sector priorities	Intergovernmental structures maintained for the delivery of human settlements sector priorities	The Govan Mbeki awards could not be held as planned	The Provincial and National Govan Mbeki Awards were deferred to 2021
2. To develop evidence-based policies and programmes	A policy framework for human settlements developed: Human Settlements Ombudsman	Policy framework for human settlements developed	Review of conceptual policy framework for human settlements in process Draft conceptual Community Schemes Ombud Services (CSOS) policy framework developed	Reviewed programmes for human settlements and final reviewed policy framework for human settlements	Further research on rental policy framework will be carried over to the new financial year as well as further consultation on UISP with provinces

Performance Indicators:

Sub-programme: Human Settlements Planning							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: To establish partnerships to support the delivery of Human Settlements sector priorities							
1.1. Approved National Human Settlements Development Plan (HSDG-funded)	Approved National Human Settlements Development Plan for provinces	Approved National Human Settlements Development Plan for provinces (HSDG-funded)	Approved National Human Settlements Development Plan for provinces (HSDG-funded) submitted	2020/2021 National Human Settlements Development Plan developed (HSDG-funded) by 31 March 2020	2020/2021 National Human Settlements Development Plan report approved	None	Not applicable
1.2. Urban Settlement Development Plan for metropolitan municipalities developed (USDG-funded)	New target	New target	Urban Settlement Development Plan for metropolitan municipalities developed (USDG-funded)	2020/2021 Urban Settlement Development Plan for metropolitan municipalities developed (USDG-funded) by 31 March 2020	2020/2021 Urban Settlement Development Plan for metropolitan municipalities not developed (USDG-funded) Three draft USDG plans were submitted, i.e. City of Cape Town, City of Ekurhuleni and Nelson Mandela Bay	Development of 2020/2021 Urban Settlement Development Plan for metropolitan municipalities (USDG-funded) Five draft USDG plans, i.e. Mangaung, Buffalo City, eThekweni, City of Johannesburg and City of Tshwane	Non-submission of metropolitan municipalities' plans, i.e. five draft USDG plans: Mangaung, Buffalo City, eThekweni, City of Johannesburg and City of Tshwane Non-compliance letters were sent to the metros
1.3 Number of intergovernmental forums coordinated for human settlements development	Mobilisation and strengthening of stakeholder participation in human settlements development	25 intergovernmental forums coordinated in line with human settlements priorities	39 intergovernmental forums coordinated in line with human settlements priorities	Eight intergovernmental forums coordinated for human settlements priorities (as per year three)	Eight intergovernmental forums coordinated for human settlements priorities	None	Not applicable

Sub-programme: Stakeholder Relations and Inter-governmental Relations (IGR)							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: To establish partnership to support the delivery of Human Settlements sector priorities							
1.4. Number of stakeholder partnerships mobilised towards human settlements development	Mobilised and strengthening of stakeholder participation in human settlements development	No partnerships mobilised towards human settlements development	33 partnerships concluded in terms of human settlements development	24 stakeholder partnerships mobilised towards human settlements development	20 stakeholder partnerships mobilised towards human settlements development	Four stakeholder partnerships An element of the technical indicator description (TID): Govan Mbeki awards	The Department has approved the deferral of the provincial and national Govan Mbeki awards to 2021 as the MTSF 2015-2019 was no longer relevant and applicable The process for the GMA Framework to align to the MTSF (2019-2024) being undertaken
1.5. Number of international cooperation initiatives aligned to human settlements priorities supported	Mobilised and strengthening of stakeholder participation on human settlements development	12 initiatives on international cooperation aligned to human settlement priorities supported	Six initiatives on international cooperation aligned to human settlements priorities were supported	Four initiatives on international cooperation aligned to human settlements priorities supported	Four initiatives on international cooperation aligned to human settlements priorities supported	None	Not applicable

Sub-programme: Human Settlements Strategy							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: To develop evidence-based policies and programmes							
2.1. 2019-2024 MTSF developed	New target	New target	New target	2019-2024 Human Settlements MTSF developed	2019-2024 Human Settlements MTSF developed	None	Not applicable

Sub-programme: Operational Frameworks							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: To develop evidence-based policies and programmes							
2.2. Macro policy frameworks for human settlements reviewed	Existing policies	Policy framework for human settlements developed	A policy framework for human settlements developed: Human Settlements Ombudsman	Conceptual policy framework for human settlements reviewed	Review of conceptual policy framework for human settlements in process Draft conceptual Community Schemes Ombud Services (CSOS) policy framework developed Draft conceptual inclusionary housing for social housing developed Baseline on rental policy framework developed	Final reviewed conceptual policy framework for human settlements Further research will be conducted to enhance the baseline report, and the rental policy framework project will be carried over to the new financial year	Finalisation of some components of the conceptual policy framework for human settlements was not achieved because of the delays in concluding the rental policy framework

Sub-programme: Operational Frameworks							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: To develop evidence-based policies and programmes							
2.3. Human Settlements Code reviewed	A framework for the Human Settlements Code developed	Programmes in Housing Code reviewed	One out of the two Programmes was revised, i.e. Upgrading of Informal Settlements Programme	Programmes for Human Settlements Code reviewed	Review of Programmes for Human Settlements Code is in process Draft FLISP conceptual guidelines A report on the review of the UISP developed	Final reviewed Programmes for Human Settlements Code	The review of the UISP as part of the programmes for human settlements code that were to be rationalised was not concluded Research and further consultation with provinces on UISP project will be carried into the new financial year

Sub-programme: Governance Frameworks							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
2.4. Percentage of HSDG and USDG budgets preferentially allocated to women-owned entities monitored	New target	Report on 10.42% of the HSDG construction budget and 8.09% of the USDG allocated to women	19% of the HSDG construction budget allocated to designated groups as per the regulation	30% of HSDG and USDG budgets preferentially allocated to women-owned entities monitored	30% of HSDG and USDG budgets preferentially allocated to women-owned entities monitored	None	Not applicable
2.5. Percentage of HSDG and USDG budgets preferentially allocated to youth-owned entities monitored	New target	Report on 10.42% of the HSDG construction budget and 8.09% of the USDG allocated to women and youth contractors	19% of the HSDG construction budget and 15% of the USDG allocated to designated groups as per the regulation	10% of HSDG and USDG budgets preferentially allocated to youth-owned entities monitored	10% of HSDG and USDG budgets preferentially allocated to youth-owned entities monitored	None	Not applicable

Reasons for all deviations

The reasons for deviations were provided within the tables under column for comments on deviation where planned performance was not achieved.

Strategy to overcome areas of under performance

Not applicable.

Changes to planned targets

Sub-programme: Operational Policy Frameworks

During the adjustment period, following the July 2019 Ministerial Budget Speech, new targets were added. These new targets were still fitting within the review of the Housing Code policy programmes. The budget speech pronouncements enabled a process of de-emphasising the phasing-out arrangements on programmes such as EEDBS and Consolidation Subsidies and allowed the Department to refocus its work and begin a series of engagements which would contribute towards a process of

rationalising existing programmes such as FLISP, rental strategy and policy, inclusionary housing for social housing, and the Informal Settlements Upgrading Programme. The changes were done to refocus the Department to work in line with the priorities of government.

Linking performance with budgets

This programme achieved 60% of its targets, while 30% were achieved partially and 10% were not achieved. Most of the expenditure in this programme relates to compensation of employees (66% of the total allocation) as well as personnel expenditure on goods and services. On compensation of employees the programme achieved an 89% spending rate and on goods and services a 94% spending rate.

The underspending by R10 million or 9.6% of the adjusted allocation on current payments is due to the following:

- Compensation of employees: Vacant positions could not be filled on time before the end of the financial year. This was due to delays in the recruitment process coupled with the

fact that the Department was reviewing its organisational structure. Caution had to be exercised in filling vacant positions as there was no certainty as to whether the existing vacant positions would still be in the new structure. The introduction by National Treasury of a new budget structure also delayed the completion of the Department's organisational structure.

- Goods and services: The Department undertook a comprehensive review of the sector performance against the previous MTSF and developed a new MTSF, using internal resources and not external resources as originally planned. This resulted in a saving. There was a delay in the procurement of the satellite imagery and related services for planning and monitoring from the South African National Space Agency.
- Expenditure for capital assets: Under-spending is attributed to the delayed replacement of computers and laptops as part of the implementation of the Virtual Private Network. Suppliers were unable to deliver due to lockdown in various countries overseas.

Sub-programme expenditure

Sub-programme 2: Human Settlements Policy, Strategy and Planning	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/ Under Collection	Final Appropriation	Actual Expenditure	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Management Human Settlements Policy, Strategy and Planning	7 498	5 970	1 528	8 114	6 866	1 248
Human Settlements Policy Frameworks	40 274	37 537	2 737	33 149	30 782	2 367
Human Settlements Strategy and Planning	56 885	51 107	5 778	55 878	52 458	3 420
Total	104 657	94 614	10 043	97 141	90 106	7 035

4.3. Programme 3: Programme Monitoring and Delivery Support

Purpose

The purpose of this programme is to support the execution, monitoring and evaluation of the implementation of human settlements programmes and projects through the following Sub-programmes: Programme and Project Planning Support;

Programme Implementation Facilitation; Programme Monitoring and Evaluation; Programme Regulatory Compliance; and Technical Capacity Development.

Strategic Objectives

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

Strategic Objectives:

Programme Name: Programme Monitoring and Delivery Support					
Strategic Objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
1. Provide implementation support on the delivery of sustainable human settlements	All nine provinces supported on the implementation of human settlements programmes	Implementation Support provided to the sector for the delivery of 151 089 sustainable human settlement opportunities	Implementation Support provided to the sector for the delivery of 114 517 sustainable human settlement opportunities	36 572 not delivered	Poor delivery by the provinces and municipalities
2. Improved support and capacity for the human settlements sector	All nine provincial departments supported in the implementation of human settlements apex programmes	Capacity building programme implemented	The 2020/2025 human settlements sector capacity development strategy developed	Implementation of the capacity building programme	The development of the sector capacity development programme will be prioritised in the next financial year while implementation will follow the approval of the programme
3. Enhanced sector monitoring and evaluation	One evaluation study (UISP three-year impact) not completed	Three evaluation studies completed	Two Evaluation studies completed: • Rapid Appraisal of Outcome 8 • The Impact of the Housing Chapters of the Integrated Development Plan (IDP) UISP three-year impact still at data collection phase	Declaration of the COVID-19 National Disaster and the lockdown delayed the finalisation of the data collection	Data collection will resume after the nation-wide lockdown

Performance Indicators:

Sub-programme: Programme and Project Planning							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Provide implementation support on the delivery of sustainable human settlements							
1.1. Project Readiness Matrix implemented in a number of provinces	Implement and review the guideline framework for testing project readiness	Guideline framework for testing project readiness implemented in all nine provinces	The Project Readiness Matrix implemented in all nine provinces and the report on project readiness produced	Project Readiness Matrix implemented in all nine provinces	Project Readiness Matrix implemented in all nine provinces	None	Not applicable
1.2. Programme implementation support provided to number of government-led catalytic projects	15 catalytic projects implemented	48 project progress reports submitted, with projects under various stages of implementation	Support provided on the implementation of catalytic programme	Programme implementation support provided to 50 government-led catalytic projects	Programme implementation support provided to 50 government-led catalytic projects	None	Not applicable
1.3 Programme implementation support for the revitalization of distressed mining communities in a number of local municipalities provided	11 human settlements interventions implemented in mining towns	22 mining towns supported on human settlements development interventions	Implementation support provided to the revitalisation of distressed mining communities programme	Programme implementation support for the revitalisation of distressed mining communities in 23 local municipalities provided	Programme implementation support for the revitalisation of distressed mining communities in 23 local municipalities provided	None	Not applicable

Sub-programme: Programme Implementation Facilitation							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Provide implementation support on the delivery of sustainable human settlements							
1.4. Number of informal settlements assessed (feasibility studies conducted)	283 feasibility studies on informal settlements conducted	61 informal settlements assessed (feasibility studies conducted)	500 informal settlements assessed (feasibility studies conducted)	200 informal settlements assessed (feasibility studies conducted)	94 informal settlements assessed (feasibility studies conducted)	106 informal settlements not assessed (feasibility studies not conducted)	Informal settlements commissioned could not be completed due to business forums demanding 30% of the contract amount without performing any role in the project, which led to service providers being intimidated and afraid to do community participations; the South African Council of Engineers (SACE) is addressing the criminal activity on all projects within RSA and the Law Enforcement Agency was briefed The 106 remaining informal settlements will be assessed (feasibility studies conducted) in the 2020/21 financial year since the contracts between the Department and the professional resource teams (PRTs) are in place

Sub-programme: Programme Implementation Facilitation							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Provide implementation support on the delivery of sustainable human settlements							
1.5. Number of informal settlement upgrading plans developed	413 informal settlements upgrading plans developed	109 informal settlements upgrading plans developed	319 informal settlements upgrading plans developed	300 informal settlements upgrading plans developed	117 informal settlements upgrading plans developed	183 informal settlements upgrading plans not developed	Informal settlements commissioned could not be completed due to business forums demanding 30% of the contract amount without performing any role in the project, which led to service providers being intimidated and afraid to do community participation; the South African Council of Engineers (SACE) is addressing the criminal activity on all projects within RSA and the Law Enforcement Agency was briefed The 183 informal settlements upgrading plans will be developed in the 2020/2021 financial year since the contracts between the Department and the professional resource teams (PRTs) are in place

Sub-programme: Programme Implementation Facilitation							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Provide implementation support on the delivery of sustainable human settlements							
1.6. Provinces and metros supported for upgrading a number of households in informal settlements	75 941 households upgraded to phase 2 HSDG (56 343) and USDG (19 058)	73 333 households in informal settlements upgraded	9 provinces and 8 metros supported on the implementation of the informal settlements upgrading programme	Support provided to provinces and metros for the upgrading of 68 739 households in informal settlements	Support not fully provided to provinces and Metros. The upgrading of 51 390 households in informal settlements was delivered	Implementation support not fully provided Upgrading of 17 349 households in informal settlements not delivered	Challenges from provinces and Metros were not experienced during the period under review Poor delivery by the Provinces & Municipalities
1.7. Provinces and municipalities supported to provide a number of individual units for subsidy housing market	90 692 subsidy housing opportunities provided	86 131 individual units for subsidy housing market provided	All nine provinces supported in implementing the subsidy housing programme	Provinces and municipalities supported to provide 74 450 individual units for subsidy housing market	Provinces and municipalities supported to provide 58 721 individual units for subsidy housing market	15 729 individual units not delivered	Poor delivery by the provinces and municipalities; the matter will be addressed in the new financial year
1.8. Support provided to deliver a number of private affordable rental housing units	5 040 private affordable rental housing opportunities delivered	3 506 private affordable rental housing opportunities delivered	Provided support on the implementation of private affordable rental housing	Support provided to deliver 4000 private affordable rental housing units (as per three-year plan)	Support to deliver 732 private affordable rental housing units not fully provided	3 268 private affordable rental housing units not delivered The NHFC business plan analysis not achieved	The NHFC business plan was not received from the entity and will be requested for purposes of analysis
1.9. Support provided on the implementation of social housing programme to deliver a number of units	3 535 social housing units delivered	3 535 social housing units delivered	Provided support on the implementation of the social housing programme	Support provided on the implementation of the social housing programme to deliver 3000 units	Support provided on the implementation of the social housing programme to deliver 3044 units	Delivery of additional 44 social housing units	Due to the number of projects at construction stage (large number of projects in the pipeline)

Sub-programme: Programme Implementation Facilitation							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Provide implementation support on the delivery of sustainable human settlements							
1.10. Support provided on the implementation of the community residential unit (CRU) programme to deliver a number of units	981 community residential units (CRUs) delivered	546 community residential units (CRUs) delivered	Provided support on the delivery of community residential units (CRUs)	Support provided on the implementation of community residential units (CRUs) programme to deliver 400 units	Support provided on the implementation of community residential units (CRUs) programme to deliver 150 units	250 CRUs not delivered There was a delayed start, resulting from policy challenges whereby provinces were unsure as to whether projects were to be implemented by themselves or moved over to SHRA for implementation	Resolve the policy challenges to avoid future delays

Sub-programme: Human Settlements Planning							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Provide implementation support on the delivery of sustainable human settlements							
1.11. Number of provinces supported to deliver multiyear land assembly targets	6 250 hectares of well-located land acquired	3 329 hectares of well-located land acquired and released for new developments, and 1 574 hectares of well-located land rezoned for new developments	Multiyear land assembly plan for human settlement development plan compiled	All nine provinces supported to deliver the multiyear land assembly targets	Support provided to all nine provinces to deliver the multiyear land assembly targets	None	Not applicable

Sub-programme: Human Settlements Planning							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Provide implementation support on the delivery of sustainable human settlements							
1.12. Support provided to provincial departments to register a number of pre- and post-1994 title deeds	135 878 title deeds backlog eradicated	81 929 pre-and post-1994 title deeds issued as reported by the provinces; the national department verification exercise totalled 41 841	Nine provinces supported in the implementation of the title deeds restoration programme (pre- and post-1994)	Support provided to provincial departments towards the registration of 50 000 pre- and post-1994 title deeds	Support provided to provincial departments towards the registration of 25 768 pre- and post-94 title deeds	24 232 pre- and post-94 title deeds not registered A national title restoration business plan not submitted Service delivery support not provided in Gauteng Province	Quotations received were unreasonably high and exceeded the budget; the work will therefore be done in-house A national title restoration business plan was not submitted for 2020/2021 in view of the revised national budget; this target will be met in the 2nd quarter of 2020/2021
1.13 Provinces supported in the implementation of title deeds programme (from April 2014) to deliver a number of title deeds	60 740 title deeds for new subsidy houses issued	81 929 pre-and post-1994 title deeds issued as reported by the provinces; the national department verification exercise totalled 41 841	Nine provinces supported in the implementation of the title deeds programme (from April 2014)	Provinces supported in the implementation of the title deeds programme (from April 2014) to deliver 46 000 title deeds	Provinces supported in the implementation of the title deeds programme (from April 2014) to deliver 3593 title deeds	42 407 title deeds (from April 2014) not delivered	Underperformance is due to lack of forward planning by provinces to achieve key milestones that are necessary/pre-requisite to register title deeds Enhancement of provincial capacity to register title deeds
1.14 Number of priority housing development areas declared for human settlements development	No target	No target	No target	94 priority development areas declared for human settlements development	136 priority development areas declared for human settlements development	Delivery of an additional 42 priority development areas	Due to the outcomes of the consultations that the Department had with the sector and other relevant stakeholders more priority housing development areas were delivered than the number targeted

Sub-programme: Stakeholder Mobilisation and IGR							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Provide implementation support on the delivery of sustainable human settlements							
1.15. Provinces supported to deliver a number of housing opportunities to military veterans	1 700 non-statutory military veterans housed	480 military veterans houses delivered	Nine provinces were supported in the delivery of housing opportunities, with 230 housing opportunities (92 in Gauteng, 28 in Eastern Cape, 83 in Western Cape, three in Mpumalanga, 13 in Limpopo and 11 in North West)	Provinces supported in the delivery of 500 housing opportunities to military veterans	Nine provinces supported in the delivery of 489 housing opportunities to military veterans	11 housing opportunities to military veterans not delivered	Lack of availability of approved beneficiaries from the Department of Military Veterans
1.16. Number of provinces supported in the implementation of PHP Policy	Seven provinces and five metros supported in the implementation of PHP policy	Seven provinces and six metros supported in the implementation of PHP policy: 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 and Ekurhuleni	Seven provinces and metros, were supported in the implementation of PHP policy	Nine provinces supported in implementing the PHP policy	Nine provinces supported in the implementation of PHP policy	None	Not applicable

Sub-programme: Technical Capacity Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Improved support and capacity for the human settlements sector							
2.1. Human settlements sector capacity development strategy developed	New target	New target	New target	The 2020/2025 human settlements sector capacity development strategy developed by 31 March 2020	The 2020/2025 human settlements sector capacity development strategy was developed	None	Not applicable

Sub-programme: Monitoring and Evaluation							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Enhanced sector monitoring and evaluation							
3.1. Percentage of projects under implementation monitored and verified (HSDG and USDG)	96.6% of projects under implementation monitored and verified (HSDG and USDG)	99% of projects under implementation monitored and verified (HSDG and USDG)	100% projects under implementation monitored and verified (HSDG and USDG)	100% of projects under implementation monitored and verified (HSDG and USDG)	100% of projects under implementation monitored and verified (HSDG and USDG)	None	Not applicable
3.2. Number of evaluation studies completed	One evaluation study conducted (affordable housing)	Terms of reference approved by Bid Adjudication Committee for advertisement on 8 March 2018	One evaluation study UISP three-year impact not completed; One evaluation study not initiated (as per three-year plan); and Terms of reference approved	Three evaluation studies completed: UISP three-year impact; Rapid appraisal of Outcome 8; and the impact of the Housing Chapters of the Integrated Development Plan (IDP)	Two evaluation studies completed: Rapid appraisal of Outcome 8; The impact of the Housing Chapters of the IDP; and UISP three-year impact still at data collection phase	UISP three-year impact still at data collection phase	Declaration of the COVID-19 National Disaster and the lockdown delayed the finalisation of the data collection Data collection will resume after the nationwide lockdown

Reasons for all deviations

The reasons for deviations were provided within the tables under the column for comments on deviation where planned performance was not achieved.

Strategy to overcome areas of under-performance

Not applicable.

Changes to planned targets

There were minor amendments to the Annual Performance plan following the July 2019 Ministerial Budget Speech. The amendments are reflected in the tables under planned target column were applicable.

Linking performance with budget

This programme achieved 47% of its targets, while 32% were achieved partially and 21% were not achieved. Most of the expenditure in this programme relates to personnel and personnel related goods and services as well as to consultants and special services. On Compensation of employees it achieved a 82% spending rate and on goods and services a 90% spending rate.

The Programme underspent by R38.3 million or 15.9% of the adjusted allocation.

On current payments the under spending is due to following:

- Compensation of employees: Vacant positions could not be filled on time before the end of the financial year. This was due to delays in the recruitment process coupled with the fact that the department was reviewing its organisational structure. Caution had to be exercised in filling vacant positions as there was no certainty as to whether the existing vacant positions will still be on the new structure. The introduction by the National Treasury of a new budget structure also delayed the completion of the department's organisational structure.
- Goods and Services under spending can mainly be attributed to:
 - o National upgrading support programme underspent due to the late commencement of the procurement process to secure the services of a panel of professional resource teams (PRTs)

- o Housing Subsidy System budget was underspent due to SITA not providing the required services as per the service level agreement on the Housing subsidy system thus resulting in underspending.

- On Transfer and subsidies the under spending, is due to following:

- o The underspending on transfers and subsidies is due to the non-transfer of funds to the Mangosuthu University of Technology for the Human Settlements Research Chair as well as the Departments scholarship programme for non-employees which is being phased out.

- Expenditure for capital assets

- o Under-spending is attributed to the delayed replacement of computers and laptops as part of the implementation of Virtual Private Network as suppliers were unable to deliver due to lockdown in various countries overseas

Sub-programme expenditure

Programme 3: Human Settlements Delivery Support

Sub-programme Name	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/ Under Collection	Final Appropriation	Actual Expenditure	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Management for Programme Delivery Support	9 229	6 968	2 261	10 510	8 346	2 164
Programme Management Unit	184 624	165 376	19 248	168 026	125 387	42 639
Chief of Operations	47 641	30 833	16 808	52 971	40 799	12 172
Total	241 494	203 177	38 317	231 507	174 532	56 975

4.4 Programme 4: Housing Development Finance

improving access to housing finance and developing partnerships with the financial sector.

consists of the sub-programme Chief Investment Officer. The planned targets and performance of 2019/20 financial year is outlined in Table below.

Purpose

- Fund the delivery of housing and human settlements programmes, and manage all matters related to

- The programme ensures efficient and effective utilization of human settlements grants guided by the Human Settlements Grants Framework that is developed and approved annually. This programme

Strategic Objective

Efficient and effective utilisation of human settlements grants.

Strategic Objectives:

Programme Name: Housing Development Finance					
Strategic Objective	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
1. Efficient and effective utilisation of human settlements grants	Approved Human Settlements Grants Framework	Approved Human Settlements Grants Framework	Approved Human Settlements Grants Framework	None	Not applicable

Sub-programme: Housing Development Finance							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Efficient and effective utilisation of human settlements grants							
1.1. Number of HSDG quarterly performance assessments conducted	Four HSDG quarterly performance assessments conducted	Four HSDG quarterly performance assessments conducted	Four HSDG quarterly performance assessments were conducted	Four HSDG quarterly performance assessments conducted	Four HSDG quarterly performance assessment on HSDG conducted	None	Not applicable
1.2. Number of Title Deeds Restoration Grant (TDRG) quarterly performance assessments conducted	New target	New target	New target	Four TDRG quarterly performance assessments conducted	Four TDRG quarterly performance assessment on TDRG conducted	None	Not applicable

Sub-programme: Housing Development Finance							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Efficient and effective utilisation of human settlements grants							
1.3. Number of USDG quarterly performance assessments conducted	Four USDG quarterly performance report	Four USDG quarterly performance report	Four USDG quarterly performance report	Four USDG quarterly performance assessments conducted	Four USDG quarterly performance assessments conducted	None	Not applicable
1.4. Number of Provincial Emergency Housing Grant (PEHG) quarterly performance assessments conducted	New target	New target	New target	Two PEHG quarterly performance assessments conducted	Two PEHG quarterly performance assessments conducted	None	Not applicable
1.5. Number of Municipal Emergency Housing Grant (MEHG) quarterly performance assessments conducted	New target	New target	New target	Two MEHG quarterly performance assessments conducted	Two MEHG quarterly performance assessments conducted	None	Not applicable
1.6. Number of assessments on the performance of Finance- Linked Individual Subsidy (FLISP) conducted	2 660 subsidies allocated	2 995 subsidies allocated to approved	Four FLISP performance assessments were conducted	Four quarterly performance assessments on FLISP conducted	Four quarterly performance assessments on FLISP conducted	None	Not applicable

Sub-programme: Housing Development Finance							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Efficient and effective utilisation of human settlements grants							
1.7. Number of assessments on the volume of loans granted by Development Finance Institutions (DFIs) for the affordable housing market conducted	Four quarterly assessments on the volume of loans granted by DFIs for the affordable housing market conducted	Four quarterly assessments on the volume of loans granted by DFIs for the affordable housing market conducted	Four quarterly assessments on the volume of loans granted by DFIs for the affordable housing market conducted	Four quarterly assessments on the volume of loans granted by DFIs for the affordable housing market conducted	Four quarterly performance assessments on the volume of loans granted by DFIs conducted	None	Not applicable
1.8. Number of assessments of employers' contribution towards Employer Assisted Housing conducted	Two assessments of employers' contribution towards Employer Assisted Housing conducted	Two assessments of employers' contribution towards Employer Assisted Housing conducted	Bi-annual (2) assessments of employers' contribution towards Employer Assisted Housing conducted	Bi-annual (2) assessments of employers' contribution towards Employer Assisted Housing conducted	Bi-annual (2) assessments of employers' contribution towards Employer Assisted Housing conducted	None	Not applicable
1.9. Finance and funding model to better target the realisation of human settlements outcomes revised	State finance products for affordable market revised	Annual assessment of current finance model on grants not conducted	No target	Two assessment reports on the status of the current finance and funding model for delivery of human settlements	Two assessment reports on the status of the current finance and funding model for delivery of human settlements Approved human settlements finance and funding model as in the TID not developed	The decision was taken to first assess the current status core as lessons learnt from this will inform the development of the Human settlements finance and funding model	ToR for the appointment of service provider to assist with development of finance and funding model drafted, served at the BSC, approved by BAC approved the ToR for advertisement
1.10. Annual performance analysis of financial institutions on their lending patterns on home loans conducted	Annual report on the performance of financial institutions and their lending patterns	Annual performance analysis of financial institutions on their lending patterns on home loans conducted	Annual performance analysis of financial institutions on their lending patterns on home loans conducted	Annual performance analysis of financial institutions on their lending patterns on home loans conducted	Annual performance analysis of financial institutions on their lending patterns on home loans conducted	None	Not applicable

Sub-programme: Housing Development Finance							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020	Comment on Deviations
Strategic Objective: Efficient and effective utilisation of human settlements grants							
1.11. Number of performance assessments on the Office of Disclosure	New target	New target	Four performance assessments on the Office of Disclosure	Four performance assessments on the Office of Disclosure	Four performance assessments on the Office of Disclosure	None	Not applicable

Reasons for all deviations

The reasons for deviations were provided within the tables were planned performance was not achieved under column for comments on deviation.

Strategy to overcome areas of under performance

Not applicable.

Changes to planned targets

The annual target to review the finance and funding model was revised to reflect the two assessments which were required prior to the revision of the finance and funding model.

Linking performance with budgets

This programme achieved 91% of its targets, while 9% were achieved partially. Most of the expenditure in this programme relates to transfer payment on grants and to public entities.

On compensation of employees the programme achieved a 89% spending rate, on goods and services a 59% spending rate and on transfer and subsidies a 99% spending rate.

The programme underspent by R429.4 million or 1.3% of the adjusted allocation.

The reasons for under spending are as follows:

- Current payments:
The under spending is due to the non-filling of vacancies, reduction in traveling and subsistence and the delayed appointment of members in the office of disclosure.

Transfers and subsidies

- Non-transfer of R390.2 million of the Urban Settlements Development Grant due to lack of performance by Nelson Mandela Bay Metro.
- The partial transfer of the Provincial and Municipal Emergency Housing Grants. The Emergency Housing Grants are intended to provide temporary shelter assistance to households affected by disasters. These grants are transferred on approval of an application by a province or a municipality. Where no application is received no funding is transferred.

Expenditure for capital assets

- The delayed replacement of computers and laptops as part of the implementation of Virtual Private Network as suppliers were unable to deliver due to lockdown in various countries overseas.

Sub-programme expenditure

Programme 4: Housing Development Finance

Sub-programme Name	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/ Under Collection	Final Appropriation	Actual Expenditure	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Management for Housing Development Finance	4 590	2 265	2 325	4 049	2 855	1 194
Chief Investment Officer	24 721	21 585	3 136	24 485	24 025	460
Human Settlements Development Grant	18 779 815	18 779 815	-	18 266 647	18 266 647	-
Contributions	1 222 884	1 222 884	-	1 159 034	1 159 034	-
Urban Settlements Development Grant	12 045 386	11 655 112	390 274	11 306 137	11 306 137	-
Title Deeds Restoration Grant	426 000	392 243	33 757	400 000	242 514	157 486
Emergency Housing Grant	547 700	547 700	-	518 655	518 655	-
Total	33 051 096	32 621 602	429 494	31 679 007	31 519 867	159 140

5. TRANSFER PAYMENTS

5.1. Transfer Payments to Public Entities

Name of Entity	Services Rendered by The Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity	Achievements of the Public Entity
Estate Agency Affairs Board (EAAB)	- Regulate, maintain and promote the standard of conduct of estate agents having due regard to the public interest - Issue fidelity fund certificates to qualifying applicants - Prescribe the standard of education and training of estate agents - Investigate complaints against estate agents and institute disciplinary proceedings against offending estate agents where required - Manage and control the Estate Agents Fidelity Fund	EAAB does not receive financial assistance from the NDHS	EAAB does not receive financial assistance from the NDHS	95% of new compliant registrations processed in 21 days 43% compliant renewals processed within five days 113 Financial Intelligence Centre inspections performed 10.4% increase of registered estate agents with professional designation 55% increase of estate agents who are registered for the Continuous Professional Development and have met the requirements in full 1 470 youth interns placed with property industry host employers through the "One Learner One Estate Agency" programme 20% increase in the retention of youth interns placed with property host employers through the "One Learner One Estate Agency" programme 5% increase in black women that have been supported to increase economic participation through principalisation 87% of interest receivable from estate agency accounts collected within 30 days of the due dates 100% of fully compliant claims paid within six months
Housing Development Agency (HDA)	- Land assembly and land acquisition/ release - Land holding and land holding support - Land geo-spatial services - Programme and project portfolio planning and management - Informal settlement upgrading - Support to national programmes (catalytic projects, mining towns and NUSP) - Section 29 mandated projects, N2 Gateway and Zanemvula Project technical implementation support	R229.311 million	R177.31 million	3 089.63 hectares of well-located land (targeting poor and middle income households) acquired or released - Six parcels of land have been facilitated for rezoning 154 assessments conducted on HDA land and landed properties - Declaration signed for 136 priority housing development areas 2 601 human settlements units delivered or supported 5 298 serviced sites delivered or supported 403 title deeds facilitated for registration - Six Informal settlements provided with technical capacity implementation support - Eight provinces provided with capacity support 50 catalytic projects and mega projects provided with capacity and delivery support 20 projects assessed for spatial transformation

Name of 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)	- 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 FLISP with the Provincial Human Settlements Departments	R150 million (R50 million capital grant, R95 million FLISP subsidy, R5 million FLISP support)	R113.3 million (R50 million capital Grant, R60 million FLISP subsidy, R3.3 million FLISP support)	- R36 million social housing loans disbursed - R109 million private rental housing loans disbursed - R91 million affordable housing loans disbursed - R68 million bridging affordable housing contractor loans disbursed - R236 million bridging subsidy housing contractor loans disbursed. - R184 million incremental housing loans disbursed - R227 million leveraged from the private sector for affordable housing - R733 million leveraged from the private sector for rental housing 395 private rental housing units facilitated through leveraged funds - R176 million leveraged from the private sector for bridging affordable housing 2 577 affordable houses facilitated through leveraged funds 2 757 finance linked individual subsidy applications approved - R1.2 billion in home loans leveraged from the banks through FLISP - R566 million disbursed to emerging BEE entrepreneurs - R83 million of disbursements to women and youth entrepreneurs
National Home Builders Registration Council (NHBRC)	- Inspection of homes - Registration of homebuilders - Enrolment of homes - Training of homebuilders and youth	NHBRC does not receive financial assistance from the NDHS	NHBRC does not receive financial assistance from the NDHS	- Conducted a total of 21 988 inspections in the non-subsidy sector - Conducted a total of 27 291 inspections in the subsidy sector - Registered 3 886 homebuilders - Enrolled a total of 48 632 homes in the non-subsidy sector - Enrolled a total of 69 890 homes in the subsidy sector 95% of defaulting home builders suspended on prosecutable matters 57% of prosecutable matters set down for hearing before the Disciplinary Committee (DC) 3 002 homebuilders trained 2 214 youths trained 2 021 women trained and developed in construction and related fields 385 military veterans trained 891 technical professionals trained 384 people with disabilities trained 514 artisans trained

Name of Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Social Housing Regulatory Authority (SHRA)	- To regulate the social housing sector - To support the restructuring of urban spaces through social housing investments - To promote the development and awareness of social housing - To ensure accreditation and compliance of social housing institutions - To ensure sustainable and regulated disbursements of the Restructuring Capital Grants (RCG) to accredited social housing institutions (capital and investment grants)	R810.726 million (Operational Grant: R65.761 million Restructuring Capital Grant (RCG): R723.706 million Institutional Investment Grant: R21.259 million)	R755.6 million (Operational grant: R79.1 million RCG: R660.6 million Institutional Investment Grant: R15.9 million)	4 012 social housing units delivered (tenanted) 3 406 subsidised social housing units tenancy audits conducted 3 083 social housing units building condition audits conducted 12 fully accredited social housing institutions 39 407 social housing units under regulation 68% of projects in the pipeline are from capital grant applicants that are black majority owned or controlled 100% of social housing institutions maintained their level of accreditation 100% of Consolidated Capital Grant allocation awarded to black majority owned /controlled enterprises (>50% black)
Community Schemes Ombud Service (CSOS)	- Provides a dispute resolution service for Community Schemes - 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 schemes - Manages the Sectional Titles Management Act	R32.85 million operational grant	R32.85 million	1 499 community schemes registered 1 831 governance documentation quality assured 4 849 disputes finalised out of 6 958 disputes received 47 core staff trained - Draft revenue management strategy developed and approved - Four marketing communication campaigns executed

5.2 Transfer Payments to all organisations other than Public Entities

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 Underspending of funds 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 which is a contribution on behalf of the country	Yes	R2 307	-	-
UN: Cities Alliance	International organisation	The budget allocation for support of the Cities Alliance as per the agreement between South Africa and the United Nations office for project services	-	R724	-	-
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	R1 822	-	Underspending can be attributed to the reduced numbers of the youth supported through the scholarship programme

6. CONDITIONAL GRANTS

6.1 Conditional Grants Received and Earmarked Funds Paid

Conditional Grant 1: Human Settlements Development Grant (HSDG)

The HSDG is transferred to all nine provinces in order to achieve defined outputs as outlined in the table below

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

The table below indicates the actual outputs achieved

Provinces	Annual Target		Delivery performance as at 31 March 2020		% Performance: Serviced Sites	% Performance: Top Structure (Units)
	Serviced Sites	Top Structure (Units)	Serviced Sites	Top Structure (Units)		
Eastern Cape	4 699	9 395	6 754	8 757	144%	93%
Free State	5 617	4 785	6 371	2 616	113%	55%
Gauteng	10 682	21 718	10 104	12 153	95%	56%
KwaZulu-Natal	9 101	16 791	5 983	15 737	66%	94%
Limpopo	5 354	5 911	5 807	8 135	108%	138%
Mpumalanga	5 000	6 694	3 902	6 710	78%	100%
Northern Cape	830	1 226	931	620	112%	51%
North West	7 396	9 685	5 472	6 739	74%	70%
Western Cape	6 486	9 723	5 842	8 046	90%	83%
Total	55 165	85 928	51 166	69 513	93%	81%

Note: The above delivery figures are contained in the HSS Inspection Reports drawn on 3 Nov 2020

Report on management of the grant

Amount per amended DoRA (R'000)	R18 779 815
Amount transferred (R'000)	R18 779 815
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the department/ municipality (R'000)	R18 244 441
Section 15(2)(a) Reasons for withholding or stopping an allocation	A total amount of R394 million was stopped: the Free State (R118 million), Gauteng (R250 million) and Northern Cape (R26 million); the four provinces that received additional reallocated funds of R98.5 million each were the Eastern Cape, KwaZulu-Natal, Mpumalanga and the Western Cape
Section 15(2)(b) The extent of compliance with this Act	Compliance checks are performed on a monthly and quarterly basis, and regular visits to the provinces are undertaken by the National Department
Section 15(2)(c) The extent that the allocation achieved its objective and outputs	- Reports are analysed on a monthly and quarterly basis on the spending patterns of the provinces to assess if the outputs are as per the grant framework - Quarterly performance reviews are conducted whereby the provinces have to account for their performance in the form of presentations on what the grant had been spent on - The provinces are also requested to submit non-financial information, which is analysed to verify if the grant is achieving its objectives and outputs
Section 15(2)(d) Any non-compliance with this Act, and the steps taken to address the non-compliance	On a monthly and quarterly basis, the National Department performs compliance checks and, in the case of non-compliance, compliance letters are sent to the Accounting Officers of the provinces and municipalities that do not comply with the requirements of DoRA
Reasons for unspending of funds by the entity	- Late appointment of service providers - Late submission of invoices - Community unrest - Slow procurement processes - Non-availability of bulk infrastructure - Property invasions by unlawful occupants - Lack of proper beneficiary management systems/processes - Unavailability of project management systems - Late of approval of plans - Poor/slow performance by contractors and poor cash flow management - Delays in the certifying/submission of claims - Applicants do not qualifying for loans (FLISP)
Monitoring mechanism by the transferring department	- Analysing financial reports and providing feedback - Conducting quarterly review sessions to discuss performance matters - Reporting performance to the Executive Authority and MinMec for the way forward - Monitoring of provinces as outlined in DoRA and the HSDG framework - Conducting DoRA workshops in conjunction with National Treasury and CFO forums to discuss regulatory and compliance matters - One-on-one performance engagements with the provinces

Conditional Grant 2: Title Deeds Restoration Grant (TDRG)

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

Actual outputs achieved are outlined in the table below

Amount per amended DoRA (R'000)	R547 700 000
Amount transferred (R'000)	R547 700 000 was transferred to the provinces and a rollover amount of R120,021,000 was approved, bringing the total available funds to R667 721 000
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the department/ municipality (R'000)	R366 947 000 as at 31 March 2020
Section 15(2)(a) Reasons for withholding or stopping an allocation	N/A
Section 15(2)(b) The extent of compliance with this Act	Compliance checks are performed on a monthly and quarterly basis and regular visits to the provinces are undertaken by the National Department
Section 15(2)(c) The extent that the allocation achieved its objective and outputs	- Reports are analysed on a monthly and quarterly basis on the spending patterns of the provinces to assess if the outputs are as per the grant framework - Quarterly National Steering Committee reviews are conducted whereby the provinces have to account for their performance in the form of presentations on what the grant had been spent on - The provinces are also requested to submit non-financial information, which 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	The National Department performs compliance checks on a monthly and quarterly basis and, in the case of non-compliance, compliance letters are sent to the accounting officers of the provinces and municipalities that do not comply with the requirements of DoRA

Reasons for the unspending of funds by the entity	• Lack of township establishment • Delays in township proclamation • Disputes regarding beneficiary verification • Property occupied by unlawful occupants • Tenants not eager to purchase the pre-94 rental stock • Influx of unlawful occupants in rented pre-94 stock accommodation • Most pre-94 properties in a poor physical condition • Service providers unable to perform certain activities in some projects because communities are blocking access to the projects in their areas • Family disputes amongst beneficiaries • Duplicate site numbers and estates not reported to the Magistrate Courts; • Beneficiaries not completing relevant documents and municipalities not having equipment. • Delays in signing of registration documents by all municipalities
Monitoring mechanism by the transferring department	• Analysing financial reports and provide feedback • Conducting quarterly National Steering Committee review sessions to discuss performance matters • Reporting performance to the Executive Authority and MinMec for the way forward • Provinces were monitored as outlined in DoRA and the TDRG framework • Conducting DoRA workshops in conjunction with National Treasury to discuss regulatory and compliance matters • Regular one-on-one performance engagements with provinces

Conditional Grant 3: Urban Settlements Development Grant (USDG). The USDG is transferred to all eight metropolitan municipalities to achieve the outputs defined on the table below:

Purpose of the grant	• The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programme, focusing on poor households
Expected outputs of the grant	The outcomes to be realised in order to promote integrated sustainable human settlements and improved quality of household life are: • Increased individual household access to basic services and related infrastructure • Increased acquisition and availability of well-located land for human settlements development • Increased access of poor households to public and socio-economic amenities • Supporting densification and transit-oriented development projects connecting existing and new housing developments • Ensure the provision of infrastructure for mixed income and mixed use developments to support the leveraging of private and non-state sector grants and funding in support of approved human settlements developments • Improving the sustainability of the livelihoods of poor households within each municipality's area of jurisdiction

Actual outputs achieved	Spatial development and the built environment: • Number of hectares of land procured for Greenfields development • Number of hectares of land proclaimed (township establishment completed) • Number of informal settlements targeted for upgrading • Number of households living in informal settlements targeted for upgrading • Number of informal settlements targeted for upgrading with upgrading plans • Number of informal settlements upgraded (services provided): <i>in situ</i> • Number of sites serviced • The number of title deeds transferred to eligible beneficiaries
	Roads and storm water: • Kilometres of new paved roads to be built • Kilometres of new gravelled roads to be built • Kilometres of new storm water drainage installed in addition to current ones • Kilometres of roads surfaced/rehabilitated/resealed
	Transport: • Kilometres of new pedestrian walkways to be constructed • Number of new bus/taxi stops to be constructed
	Access to Services: Water • Number of water service points installed for informal settlement dwellers within a 200 m radius • Number of additional households provided with water connections
	Access to Services: Sewerage • Number of sanitation service points (toilets) installed for informal settlement dwellers • Number of additional households provided with sewer connections
	Access to Services: Solid waste management • Number of additional households provided with access to weekly refuse removal • Number of waste minimisation projects initiated/upgraded • Number of households living in informal areas with solid waste removal services

Actual outputs achieved	Access to Services: Electricity: • Number of additional households living in formal areas provided with electricity connections • Number of additional high mast lights installed • Number of additional street lights installed • Number of households provided with free basic electricity
	Socio Economic Amenities: • Number of community halls to be developed/upgraded • Number of sports fields and stadia to be developed/upgraded • Number of parks/leisure facilities to be developed/upgraded • Number of clinics to be developed/upgraded • Number of pre-schools/early childhood development centers to be developed/upgraded developed • Number of community swimming pools to be developed/upgraded • Number of libraries to be developed/upgraded • Number of cemeteries to be developed/upgraded • Number of fire safety and emergency facilities to be developed / upgraded
	Local development and job creation: • Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes
Amount per amended DoRA (R'000)	R12 045 386
Amount transferred (R'000)	R11 655 112
Reasons if amount as per DoRA was withheld	• A total amount of R682 million was stopped: Mangaung (R301 million), City of Ekurhuleni (R120 million), City of Tshwane (R200 million) and City of Cape Town (R60 million); the stopped funds were reallocated to Buffalo City (R340 million) and City of Johannesburg (R342 million) • Nelson Mandela Bay was issued a letter by National Treasury on 5 February 2020 wherein a decision to invoke section 216(2) of the Constitution of the Republic of South Africa, read together with section 38 of the Municipal Finance Management Act (MFMA), to withhold equitable share and conditional grants was communicated, and this implied that the last tranche amounting to R390 million could not be transferred
Amount spent by the Department/ municipality (R'000)	R5 069 131
Reasons for the unspending of funds by the entity	• Delays in procurement process • Violent social protests and socio-political issues • Slow and/or non-performance by contractors resulting in project delays and/or stoppages • Late processing of invoices resulting in late payments • Lack of relevant skills to oversee projects • Gang violence resulting in halting of projects • Labour disputes in respect of wages
Monitoring mechanism by the transferring department	• Conduct quarterly reviews with the municipalities • Undertake oversight visits in order to assess and, where possible, address challenges with municipalities • One-on-one engagement with metropolitan municipalities

Conditional Grant 4: Provincial Emergency Housing Grant

Purpose of the grant	- To provide funding to the provinces for the provision of temporary shelter assistance to households affected by disasters or a housing emergency - To provide funding to the provinces to repair the damage to housing for low-income households following a disaster or housing emergency, if the costs of repairs are less than the costs of relocation and provision of temporary housing
Expected outputs of the grant	Emergency and short term assistance to households affected and/or impacted by disasters, through: - Provision of temporary shelter - Temporary relocation of households to safer accommodation and/or shelter - Repair to damaged houses following a disaster
Actual outputs achieved	There were no temporary shelter units completed as at 31 March 2020
Amount per amended DoRA (R'000)	R276 900
Amount transferred (R'000)	R244 811
Reasons if amount as per DoRA not transferred	- The grant is a schedule 7A grant and therefore unallocated - The transfers are request-based, and for the 2019/20 financial year, it was only Eastern Cape, KwaZulu-Natal and Western Cape Provinces that requested assistance with funding for disasters encountered in their respective provinces
Amount spent by the department/ municipality (R'000)	R205.7 million including rollovers
Section 15(2)(a) Reasons for withholding or stopping an allocation	N/A
Section 15(2)(b) The extent of compliance with this Act	Compliance checks are performed on a monthly and quarterly basis, and regular visits to the provinces are undertaken by the National Department
Section 15(2)(c) The extent that the allocation achieved its objective and outputs	- Reports are analysed on a monthly and quarterly basis on the spending patterns of the provinces to assess if the outputs are as per the grant framework - Provincial visits are undertaken by the Department as part of its responsibilities as the Transferring Officer, and 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	The National Department performs compliance checks on a monthly and quarterly basis and, in the case of non-compliance, compliance letters are sent to the accounting officers of the provinces and municipalities that do not comply with the requirements of DoRA
Reasons for the unspending of funds by the entity	- Late transfer of funds - Incomplete and incorrect submission of funds requests by Provinces - Misinterpretation of the grant framework by Provinces - Resistance by community members for erection of temporary shelters and temporary relocation - Disputes regarding beneficiary verification - Delays with procurement processes - Newly erected temporary shelters occupied by unlawful and undeserving occupants
Monitoring mechanism by the transferring department	- Analysing financial reports and providing feedback - Conducting regular review sessions to discuss performance matters - Reporting performance to the Executive Authority and MinMec for the way forward - Monitoring the provinces as outlined in DoRA and the PEHG framework - Conducting DoRA workshops and awareness sessions in conjunction with National Treasury to discuss regulatory and compliance matters - Regular one-on-one performance engagements with the provinces

Conditional Grant 5: Municipal Emergency Housing Grant (MEHG)

Purpose of the grant	- To provide funding to the municipalities for the provision of temporary shelter assistance to households affected by disasters or a housing emergency - To provide funding to the municipalities to repair the damage to housing for low-income households following a disaster or housing emergency, if the costs of repairs are less than the costs of relocation and provision of temporary housing
Expected outputs of the grant	Emergency and short term assistance to households affected and/or impacted by disasters, through: - Provision of temporary shelter - Temporary relocation of households to safer accommodation and/or shelter - Repairs to damaged houses following a disaster
Amount per amended DoRA (R'000)	R149 100
Amount transferred (R'000)	R147 432
Reasons if amount as per DoRA not transferred	- The grant is a schedule 7B grant and therefore unallocated - The transfers are request-based, and for the 2019/2020 financial year funds were transferred to Mbashe Municipality, eThekweni Metropolitan Municipality, Mtubatuba Municipality, Nama Khoi Municipality, Raymond Mhlaba Municipality and Greater Kokstad Municipality to cater for disasters that affected their respective jurisdictions
Amount spent by the department/ municipality (R'000)	R45 953
Section 15(2)(a) – Reasons for withholding or stopping an allocation	N/A
Section 15(2)(b) – The extent of compliance with this Act	Compliance checks are performed on a monthly and quarterly basis, and regular visits to municipalities are undertaken by the National Department
Section 15(2)(c) – The extent that the allocation achieved its objective and outputs	- Reports are analysed on a monthly and quarterly basis on the spending patterns of municipalities to assess if the outputs are as per the grant framework - Provincial visits are undertaken by the Department as part of its responsibilities as the Transferring Officer, and 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	The National Department performs compliance checks on a monthly and quarterly basis and, in the case of non-compliance, compliance letters are sent to accounting officers of the municipalities that do not comply with the requirements of DoRA
Reasons for the unspending of funds by the entity	- Incomplete and incorrect submission of funds requests by municipalities - Resistance by community members to the erection of temporary shelters and temporary relocation - Delays with procurement processes at municipalities - Newly erected temporary shelters occupied by unlawful and undeserving occupants
Monitoring mechanism by the transferring department	- Analysing financial reports and providing feedback - Conducting regular review sessions to discuss performance matters - Reporting performance to the Executive Authority and MinMec for the way forward - Monitoring municipalities as outlined in DoRA and the MEHG framework - Conducting DoRA workshops and awareness sessions in conjunction with National Treasury to discuss regulatory and compliance matters - Regular one-on-one performance engagements with municipalities

7. DONOR FUNDS

7.1 Donor Funds Received

Name of donor	Construction Education and Training Authority (CETA)
Full amount of the funding	R1 922 000
Period of the commitment	2018-2019/2020
Purpose of the funding	For payment of thirty first year students enrolled in the institutions of higher learning
Actual outputs achieved	18 learners were funded
Amount received in current period (R'000)	R1 922
Amount spent by the Department (R'000)	R983
Reasons for funds not spent	The R984 000 could not be spent because students were suspended due to poor academic performance
Monitoring mechanism by the donor	Institutional visits by CETA to the institutions of higher learning and student records

8. CAPITAL INVESTMENT

8.1 Capital Investment, Maintenance and Asset Management Plan

Due to the nature of the Department activities, the Department is not directly involved in capital investment. The Department capital expenditure relates to office furniture and office equipment mostly laptop, computers and network equipment. For the 2019/20 financial year the Department procured machinery and equipment to the value of R5.8 million.

Assets are managed in terms of an asset management policy and asset register is kept up to date by doing asset verification annually.

PART C

GOVERNANCE



1. INTRODUCTION

The Department is committed to principles of good governance in the management of the organisation and implementation of human settlements programmes. This is aimed at ensuring accountability, transparency, and compliance with applicable legislation and policy prescripts. As a result, governance structures have been established and systems put in place to provide assurance that there is effective, efficient and economical utilisation of state resources, and also to ensure that the risks impacting the organisation are identified, considered and monitored. Therefore, it is crucial for the Department to continuously reassess and strengthen the adequacy as well as effectiveness of these structures and systems.

2. RISK MANAGEMENT

The Department has an approved risk management policy and strategy which directs implementation of risk management processes within the Department. Prioritised risk management activities are executed based on the approved risk management implementation plan, which is reviewed on annual basis, tabled before the Risk Management Committee (RCM) and recommended for approval by the Accounting Officer.

The Risk Management Committee (RMC) is appointed by the Accounting Officer to assist in executing the risk management responsibilities. The RMC is chaired by an External Chairperson, composed of Executive Management and a standing invitee from the Audit Committee and meets on a quarterly basis to review the effectiveness of the risk management systems and processes. A high-level report of the RMC is presented to the Audit Committee by the Chairperson of the RMC on a quarterly basis so that the Audit Committee can provide independent assurance over the RMC activities.

Furthermore, the Risk Champions Forum (RCF), chaired by the Chief Risk Officer, is a sub-committee of the RMC and is operating as a working committee composed of Risk Champions across the Department. The Risk Champions forum meets on a monthly basis and its primary purpose is to ensure uniform execution across the Department of all risk management decisions emanating from the resolutions of the Executive Management Team, the RMC and the Audit Committee.

For the current year under review, the Risk Management Directorate executed the following activities:

- Facilitation for updating of the Department's enterprise wide strategic risk registers and identification of emerging risks;
- Facilitation for updating operational risk registers inclusive of Fraud & Ethics, Human Resource Management, Information Communication & Technology, Supply Chain Management as well as Compliance Risk Register;
- Monitoring of both strategic and operational risk registers;
- Conducted risk awareness in all four quarters and coordinated training for RCF, EMT, RMC and Audit Committee Members;
- Conducted evaluation on effectiveness of RCM;
- Coordinate activities of the Risk Champions Forum as well as of RCM; and
- The overall assurance is obtained through participation in the performance review and reporting as well as integrated combined assurance on a yearly basis.

3. FRAUD AND CORRUPTION

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 overarching 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, THE National Anti-Corruption Hotline and other external government entities.

All reported cases of fraud and corruption are investigated by the Internal Special Investigation Directorate and some are referred to law enforcement agencies for criminal investigation or to other departments who are responsible for the cases reported.

4. MINIMISING CONFLICT OF INTEREST IN SCM

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

All supply chain management practitioners have signed a declaration of confidentiality and impartiality, in line with the requirements of National Treasury Practice Note 4 of 2003.

The Department has in place a Procurement Policy which aims to ensure that the Department's procurement processes and procedures comply with the relevant legislation and supply chain management framework.

The policy stipulates, *inter alia*, that:

- No official in the Department will execute any action in terms of delegated authority, if he/she has formed part of a committee in terms of supply chain processes which recommended the execution of such action;
- Should an official be in a position where he/she had formed part of a bid committee where a recommendation is made, the decision-making power must be elevated to the next higher level.

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

5. CODE OF CONDUCT

The Code of Conduct for the Public Service was promulgated on 1997. The Code is an important pillar in the establishment of good governance and ethical conduct of public servants. It is important to reiterate that the primary purpose of the Code is a positive one, namely to promote exemplary conduct. It also raises issues such as respect for human rights, the rule of law, accountability, transparency in government, personal conduct and private interests.

Section 195(1) (a) of the Constitution requires that “a high standard of professional ethics must be promoted and maintained” in public administration generally. In terms of the collective agreement (Public Service Co-ordinating Bargaining Council Resolution 2 of 1999), all the employees in the public service have the responsibility of complying with the prescribed Code of Conduct. As this forms the main basis on which proactive, corrective and even disciplinary action rests, the employer must do everything possible to ensure that the contents of the Code of Conduct are known to all employees.

The Directorate: Labour Relations has achieved just that through the Human Resources Outreach Sessions held on a quarterly basis. Employees from the Department are invited to attend a two-day HR Outreach Session where the contents of the Code of Conduct is shared with the employees.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department did comply satisfactorily with OHS prescripts despite the vacancy of DD: OHS within the unit. One fire evacuation was undertaken at 240 & 260 Justice Mahomed Street and Struktura buildings during the financial year. The landlord of 240 & 260 Justice Mahomed Street has ensured that OHS compliance get priority. Despite attempts by the landlord of Struktura to ensure compliance, there are outstanding issues which the Department of Public Works and Infrastructure (DPWI) has to enforce.

OHS committee meetings only took place once in the quarter due to members not attending the mandated meetings as per the OHS Act, despite reminders sent out a week before the meetings. OHS representatives also do not take their work seriously and do not complete the necessary reports.

7. PORTFOLIO COMMITTEES

Parliamentary and Cabinet Liaison's Annual Report 2019/2020

Table A: Meetings of Parliamentary Committees & other related interaction: Interface of Department of Human Settlements with Parliamentary Committees during the period 1 April 2019 – 31 March 2020

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
01 April - 20 June 2019	During this period, the Fifth Parliament had risen for the Constituency Period and for the purpose of holding national elections, and therefore no meetings of any parliamentary committees were held Induction Session for new members of Portfolio Committee on Human Settlements, Water and Sanitation	Induction of incoming members of Portfolio Committee on Human Settlements, Water & Sanitation	- Following the Opening of the Sixth Parliament on 20 June 2019, Induction Packs were prepared and distributed to the incoming members of Portfolio Committee on Human Settlements, Water & Sanitation - Department of Human Settlements made preparations for an Induction Workshop
03 July 2019	Appearance of Department of Human Settlements before Portfolio Committee on Human Settlements, Water and Sanitation to present Overview of Mandate, Aims, Objectives of Department including Budget Vote 38, Strategic Plan and Annual Performance Plan 2019/2020	- Policy efforts to promote Sustainable Development Goals (SDGs) 2030 - Policy efforts to promote National Development Plan 2030 (NDP 2030) objectives as part of building a capable developmental state - Poor coordination among the three spheres of government	- Envisaged mega-projects to be developed through a clearly coordinated approach, with clear communication to intended beneficiaries for projects to obviate any uncertainty - The Department is committed to the New Urban Agenda, sustainable development and national development objectives with the objective to create sustainable human settlements motivated by a desire to do things differently - The Department always strives to improve coordination among the different spheres of government while adhering to the intergovernmental framework in place
09 July 2019	Appearance of DHS before Select Committee on Cooperative and Traditional Affairs, Human Settlements, Water and Sanitation to present on the 2019/2020 Annual Performance Plans and Budget Allocation	- There is a need to change spatial patterns of human settlements in the country, that is deal with apartheid spatial legacy - Plans have to be aligned with the State of the Nation Address priorities as well as with the National Development Plan, including strategic priorities - There is a need to change the implementation model of the country and have it located at district level (District Development Model) - The issue of vacant posts for the sake of organisational stability needs to be addressed	Both the Strategic Plan & Annual Performance Plan of the Department seek to address strategic imperatives as well as the needs of the people, hence the reconfiguration of the Ministry, with two departments, each with a Deputy Minister, one for Human Settlements & the other responsible for Water & Sanitation, and each department with its own accounting officer

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
20 August 2019	Appearance of Department of Human Settlements before the Portfolio Committee on Human Settlements, Water and Sanitation to present its First Quarter Expenditure Report	- Human resource plan required in order to address the issue of vacancies - Performance which was at 43% was a concern for both the Human Settlements Development Grant and Urban Settlements Development Grant; this was said to undermine the vision of creating sustainable and integrated human settlements - Plans to improve performance by provinces - Mechanism to monitor grants transferred to provinces - Use of funds set aside for natural disaster and for the purpose of the Emergency Housing Grant - Improve issuing of title deeds - Failure to follow the money in relation to the Finance-Linked Individual Subsidy Programme (FLISP) - Governance issues pertaining to human settlements entities - Non-payment of service providers - Job-creation figures	- Measures to deal with both provincial overspending and underspending - Continue to improve monitoring and evaluation of both municipalities and provinces - Ensure timeous intervention where and when necessary - Early risk identification to allow for effective risk mitigation measures - Use of project pipeline planning to mitigate non-expenditure and non-delivery, which in some instances may require project reprioritisation - The Department to provide support; in extreme cases there is provision for intervention through section 100 of the Constitution while intervention may also be through shifting of funds to better performing spheres - The purpose of the Emergency Housing Grant is for temporary shelter while exploring a more durable solution and this may be accessed by both municipalities and provinces - Response to disaster through the National Disaster Programme and Emergency Housing Grant, which are two are complementary programmes - Issuing of title deeds was to take place each Friday of every week as per ministerial pronouncement - Informal Settlements Partnership Grant to be introduced in the next financial year, which is a new grant for informal settlements upgrading - At the start of the programme for Catalytic Projects, every province was invited to make an input - A model is in place that tracks employment creation - To hold review sessions with human settlements entities to address governance issues and that the entities are to be monitored on a quarterly basis while ensuring a very robust monitoring and evaluation programme is in place - Department committed to make FLISP a success

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
05 September 2019	Appearance of Department of Human Settlements before Select Committee on Petitions and Executive Undertakings	• Department asked to furnish a detailed report on blocked projects, including timeframes in respect of unblocking projects • Progress report on how the Department was dealing with the issue of title deeds • Department to probe illegal sale of houses at Emfuleni, in Gauteng • Provision of details on partnership agreement concluded with the Council for Scientific & Industrial Research (CSIR) • Measures to curb sale of subsidy houses prior to the expiry of the 8-year prescription period • Need to improve both communication and marketing of the Government Employee Housing Scheme (GEHS) • Improve monitoring of grants to other spheres of government • Compliance with the 30% set aside for designated groups • Concern regarding upgraded hostels that remain unoccupied such the one at KwaMasiza, Gauteng • There is a need to ensure effective social facilitation and consultation in order to have ownership of decisions by target communities	• The Department to provide a detailed report on blocked projects including time frames for unblocking • Progress report on what was being done to deal with the issue of title deeds backlog • To investigate the rest of the issues raised

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
11 September 2019	Appearance of DHS before Portfolio Committee on Defence and Military Veterans to present the programme to deliver services to military veterans and their beneficiaries	• Lack of coordination between the two departments • Current approach by the two departments characterised by disjuncture and consequently leading to problems such as illegal occupation and invasion of projects • There is a need for broad consultation with military veterans concerned • Failure to quantify the exact number of military veterans requiring housing assistance • There is a need to collaborate with relevant municipalities on the issue of the beneficiary database	• Both departments to return with an updated joint presentation • Department of Defence and Military Veterans to be part of decision on identification of sites
10 October 2019	Briefing of Portfolio Committee on Human Settlements, Water and Sanitation by Department of Human Settlements as well as by the following Human Settlements entities on their respective annual reports: • National Housing Finance Corporation (NHFC) • National Urban Reconstruction & Housing Agency (NURCHA) • Rural Housing Loan Fund (RHLF)	• Fiscal dumping and poor performance • Committee welcomed progress in consolidating the three development finance entities, namely NHFC, NURCHA and RHLF • Concern about composition of the board in terms of gender • Advised on the need to expedite the review and enhancement of Human Settlements Development Bank business case including introduction of enabling draft legislation	• Ensure robust monitoring and evaluation system • Conduct regular quarterly reviews in order to address governance issues • Finalise draft enabling legislation • Develop an Action Plan to address matters raised by the Auditor-General

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
11 October 2019	Briefing of Portfolio Committee on Human Settlements, Water and Sanitation by Department of Human Settlements as well as by the following Human Settlements entities on their respective Annual Reports: • National Home Builders Registration Council (NHBRC) • Housing Development Agency (HDA) • Estate Agency Affairs Board (EAAB) • Community Schemes Ombud Services (CSOS)	• How the EAAB intends to assist in the issuing of the BEE certificates in terms of section 50 of the new Property Practitioners Act • Issue of the EAAB board that was said to be transitional, for how long and whether this was allowed in terms of applicable legislation • Failure to prevent fruitless expenditure by entities • Issue of IT licensing at EAAB • Improve marketing of the entity • Role of the NHBRC to ensure quality housing • Decline in registration by homebuilders • Status of Rectification Programme • Measures to deal with adverse audit findings • Action plan to deal with supply chain management issues • Low enrolments with the NHBRC • Catalytic projects and informal settlements upgrading • Student accommodation • Investigation at the CSOS including on amount of R80 million at the VBS Bank • Outcome of High Court decision on the appointment of Chief Ombud • Non-payment of levies • Issue of accruals has to be handled properly • Transformation has to be evidence-based	• Review of current inspection model was said to be with the University of Johannesburg • The issue of enrolment was said to be dependent on provinces submitting projects, and that it was required of prospective builders to undergo a competency test for enrolment purposes • In the process of concluding collaboration with the South African Local Government Association (SALGA) to increase the footprint of the NHBRC • Irregular expenditure concerns were noted and these were related to cases that did not follow supply chain management process • Mitigation measures to be put in place to pre-empt recurrence of irregular expenditure • To ensure gender balance in appointment of boards • Rectification Programme was a full programme of the NHBRC • Social Transformation Committee was in place, targeting designated groups • Investment with the VBS Bank did not follow National Treasury Regulations, and therefore it was an illegal act as per findings of two reports • EAAB was in the process of developing an Action Plan to address Auditor-General concerns, including development of a Standard Operating Procedure

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
15 October 2019	Meeting of Portfolio Committee on Human Settlements, Water and Sanitation to conduct assessment and analysis of 2018/2019 annual reports of the DHS, including the following entities: HDA and SHRA	- Failure to reach set targets by HDA - Perpetuation of spatial injustice – location of the urban poor far from urban centres - Failure to disclose irregular expenditure of R106 million - Plan to deal with audit findings - Oversight role of the National Department - Clarity sought for over-expenditure, yet falling short of targets - Persistence of weak systems and governance failure within HDA - Internal Audit's role in detecting potential and mitigating risk - Clarity on awarding of capital grant to social housing institutions - Cost of legal fees - With regard to SHRA, the issue of recurring transgressions was a cause of concern and hence the Committee sought to know whether the entity's legal team was up to the task - Entity's footprint across all provinces	- Commended the role played by the erstwhile board of the HDA whose tenure expired in November 2018 - It was stated that when it became aware of the maladministration, it took decisive steps and acted, hence the suspensions of those implicated - It also commissioned an investigation which unearthed a whole lot of malfeasance at the entity - The Department bemoaned the end of tenure of the board at end of November 2018 - Appointment of an administrator by the Minister in December 2018 in order to put a hold on the slide into the abyss - Further, a new board was in the process of being appointed as part of the process to restore governance at the entity - Despite challenges, HDA was reported to have played a sterling role in rendering support to municipalities and provinces - Failure to meet housing targets was explained as a consequence of illegal occupation of sites earmarked for development, work stoppages by contractors demanding to be appointed, as well as community engagement to clear sites in informal settlements to allow for relocation - Emergent Contractor Programme in place as part of transformation and empowerment of service providers, particularly those from designated groups, working closely with the NHBRC in rendering training, whereas monitoring was done on a quarterly basis - Joint monitoring of supply chain management activities - To provide the Committee with an update on the Department on irregular expenditure findings by the Auditor-General at the entity

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
15 October 2019	Meeting of Portfolio Committee on Human Settlements, Water and Sanitation to conduct assessment and analysis of 2018/2019 annual reports of the DHS, including the following entities: HDA and SHRA	- Completed projects have to be allocated - List of accredited social housing institutions in each province - Remedial action to improve performance - Whether there were any hijacked properties owned or supported by SHRA - Stakeholder management critical - Issue of neglected/abandoned buildings across the country, and those belonging to absentee landlords - Any collaboration with the Office of the Mayor of Johannesburg?	- Through the entity's technical expertise, the HDA has been able to determine access to land parcels that comply with objectives of spatial justice - Entity was said to continue to incur legal costs as a result of ongoing disciplinary process - Social housing institutions were said to be under stress due to the phenomenon of rent default as repayment levels have plummeted to below 36% - Social housing restructuring zones have been declared throughout the country; however, packaging of projects in any restructuring zone was not by SHRA but by municipalities and private institutions - Issue of hijacked buildings was an unacceptable phenomenon and has to be dealt with as part of urban management by local government - SHRA was in the process of drafting its Annual Performance Plan and undertook to ensure that targets were smart - In the process of fine-tuning operating procedures and had a fully operational legal team in place - To furnish the Committee with a breakdown of projects in each province - Only 20% of the capital grant was released once the tenants were known - City of Johannesburg was reported to expropriate neglected and abandoned buildings within the inner city - There were ongoing conversations and discussions on issues of urban development and spatial transformation with the City of Johannesburg - Need to seize opportunities in order to realise public policy objectives, both economic and social objectives
13 November 2019	DHS briefed Portfolio Committee on Public Service and Administration on Implementation of and compliance with Performance Management Development System	- Submission of performance assessments as well as dealing with root cause of poor performance - Victimisation and suppression of junior officials sometimes due to poor interpersonal relations	- Employees required to comply with the requirement to submit performance assessments in order to be considered for performance bonus payment, while failure to comply is subject to disciplinary measures; It was reported that an employee was required to self-assess as that was what was moderated; Moderation together with the portfolio of evidence constitute the basis for assessment in order to ensure balance and regulation, i.e. to intervene both ways - Employee Wellness Programme was one of the measures designed to intervene in cases of poor performance - Engagement with officials of Public Service Commission - Holding of wellness sessions with the Office of the Public Service Commission - Accelerated and grade progression implemented in accordance with the development provisions

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
19 November 2019	Briefing of Portfolio Committee on Human Settlements, Water and Sanitation by DHS on its Second Quarter Expenditure Report for the 2019/20 financial year	- Need to narrow the gap in the interaction of the Committee with Human Settlements entities - Failure by provinces to prioritise issuance of title deeds - Criteria to render support to municipalities vis-à-vis provinces - Who stands to benefit from funds that National Treasury takes back from non-performing provinces and whether the funds return to the sector? - Provinces to be invited to account for poor performance - Clarity sought on emergency grant - Tendency to introduce legislation (bills) towards the end of term of government administration - Identification of military veterans to be fast-tracked with Department of Military Veterans - Failure to utilise grand funds for human settlements by certain provinces - Project management-related issues in regard to the rolling out of projects - Release of state land for spatial integration - Sale of subsidy houses before the expiry of the prescription period was a matter of concern	- Non-performing municipalities and provinces to be invited to account before the Committee - Department to engage Department of Military Veterans on the issue of military veterans' beneficiary list - Failure to utilise allocated funds results in funds reverting back to the fiscus, thus lost by the sector; If midway a province is showing signs to fail to spend, the principle is to re-allocate the funds elsewhere in the sector, a principle decision that is in line with the Division of Revenue Act - An analysis of provincial challenges conducted, and that shifting of funds from goods and services could only be done after the mid-term review - There are limits to the support the Department can provide to provinces in accordance with the intergovernmental framework, and when a province cannot or does not fulfil its obligations in terms of the Constitution or legislation, the national executive may intervene in terms of section 100 of the Constitution - Tendency by provinces to prolong closure of contracts with the HDA was one of the contributory factors to the failure to spend - The Department continues to deal directly with metropolitan municipalities as they are recipients of the Urban Settlements Development Grant (USDG) and this by no means implies that the Department sought to bypass or undermine provinces - Emergency grant was explained to be demand-led, thus there has to be an emergency - Use of project readiness matrix prior to funds being transferred to other spheres of government in order to assess level of risk related to each project, which was explained as a project management instrument used as a form of pre-emptive intervention - State land release has to be synchronised with all parties concerned and that the Department was comfortable that these released land parcels were responding to spatial restructuring - Regarding title deeds, it was stated that handing over of title deeds was the easiest part, and the difficult part was where there was no township establishment in place - The department was committed to finalising pieces of legislation for passage through Parliament timeously - Audit Action Plan seeks to address previous audit findings by the Auditor-General while the Internal Audit Plan was dealing with current audit matters - The Department to provide approved provinces' business plans - The state has the first option of purchase of subsidy houses if sold prior to the expiry of the prescription period

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
03 December 2019	Briefing of Portfolio Committee on Human Settlements, Water and Sanitation by the following entities: • CSOS on audit findings for the 2018/19 financial year • EAAB on audit findings by Auditor-General of South Africa, Transformation Agenda & IT procurement by the Systems Applications and Products (SAP) in data processing	• With regard to CSOS, the Committee inquired as to why it was taking such a prolonged time to fill the vacant post of the Chief Financial Officer, a concern that had also been raised by the Auditor-General • Any plan to fill other vacant posts within the entity (CSOS) • Schemes not registered with CSOS • Reason for delay in effecting audit remedial action for irregular expenditure, and audit remedial plan not convincing as there was no indication of any time frame for its implementation • Transformation of the property sector • Poor marketing of the services of CSOS • Clarity sought on the issue of debt cancellation as well as reasons for write-offs • Inadequate understanding of the entity's existence and mandate • With regard to EAAB, how much were the costs of legal fees to the entity? • Placement/absorption of interns who had attended and completed the entity's Internship Programme • Possibility of partnering with Department of Small Business Development on the Incubation Programme of the entity • Naming & shaming those responsible for irregular expenditure, as well as reasons for condoning irregular expenditure • The Committee appealed to the Department to ensure compliance with the provisions of the Public Finance Management Act; The Committee had raised concern about supply chain management issues across the wide spectrum of government departments and entities	• Adverts were to be placed in all the relevant media and that vacant posts were to be filled before end of the financial year • It was to be made compulsory for all schemes to be registered with the entity and to be required to pay fees • Any irregular expenditure to be investigated, and the matter has to be reported to National Treasury while ensuring that the process of investigation is procedurally fair and not prejudicial to anybody, while the Department also explained how irregular expenditure should be treated, stating that failure to adhere to procurement procedures was the cause of irregular expenditure; In addition, it was stated that it was only National Treasury that had the authority to consider requests for condonation or write-off, informed by an investigation • The Committee was advised to have confidence in the Department's ability and capacity to detect transgressions • The Committee was informed of conversations on the issue of the Transformation Agenda, including the full life cycle of transformation initiatives and their sustainability; Through the use of the interest from the Incubation Fund, an amount of R50 million had been set aside for the Transformation Agenda • The Department was striving towards stabilisation of the EAAB, by taking advice from National Treasury before all vacant posts are filled

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
18 February 2020	Appearance of DHS before Portfolio Committee on Human Settlements, Water and Sanitation to present on the following: • Revitalisation of Distressed Mining Communities • Catalytic Projects	• What informs criteria on Multi-Year Priorities? • With regard to conclusion of Implementation Protocols with mining houses, any deadline set for provinces to submit plans? • Need to upscale spending on grants disbursed in order obviate funds being transferred to other provinces	• Provincial Departments of Human Settlements together with National Department to present integrated human settlements plans and conditional grants • To furnish breakdown of projects allocated in each province, including information pertaining to time-frames, project location, costs involved, challenges encountered and how these were dealt with
	Appearance of DHS (National) together with Gauteng Provincial Department of Human Settlements, Urban Planning and Cooperative Governance and Traditional Affairs before Portfolio Committee on Human Settlements, Water and Sanitation to present on the following: • Status of housing provision in the Province	• Demand for suitable/well-located land for housing development • Challenges due to population growth and in-migration • Need to centralise beneficiary database • Issue of under-performance • Accruals, including plans to deal with these • Plans to improve project management • Consequence management • Title Deeds Programme as it relates to issuance of title deeds to clear the backlog • Provision of serviced stands • Integrated planning as well as overall performance of the provincial budget	• Gauteng Department of Human Settlements to prepare a revised presentation that demonstrates performance of programmes, projects and to include information on catalytic projects • Provincial Department to furnish the Committee with an integrated human settlements and infrastructure development plan that seeks to address issues raised

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
28 February 2020	• Appearance of DHS before Portfolio Committee on Human Settlements, Water and Sanitation to present on third quarter financial and non-financial performance of the Department for the 2019/20 financial year	• Strong view expressed that the practice of building houses where township proclamation has not been declared has to cease • Committee advised of the need to encourage beneficiaries to participate in the construction of their houses • Reference to the recent oversight visit to the former mining area of Merafong City Municipality • Timeframe for implementation of catalytic projects • Failure to spend allocated funds by some of the metropolitan municipalities and provinces • Filling of vacancies • Anti-fraud strategy • Need for a different model to deal with some of the service delivery matters • Need to engage mining companies which have indicated willingness to contribute in addressing distressed mining areas • Need to curb the sale and renting of subsidy houses • Gauteng Provincial Department to be invited to share oversight experiences • Need to render assistance to under-performing municipalities and provinces	• Reference to the recent collapse of the meeting of the Council of Tshwane Metropolitan Municipality which was impacting service delivery as it was not possible to transfer funds to such an environment and that the Department has to adhere to the laws and procedures governing transfer of funds; thus the Department has to ensure there is no breach of any law • For the Department it was not acceptable for mining companies to simply dump assets requiring major rehabilitation onto municipalities and that it was imperative not to lose sight of the painful history of mining in South Africa • Programme to offload hostels to the Department was in place; however, some of these assets were of little value and hence the need to balance issues surrounding the offloading of such assets and liabilities • Provinces to be invited to appear and account before the Committee • The Department was clear on the delivery chain and was to share realities of the IGR framework and limitations with the Committee • A multi-pronged approach is needed, including counter-measures to respond to the issue of sale and renting of subsidy houses • Sharing of capacity with both municipalities and provinces

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT/KEY DECISIONS
10 March 2020	Appearance of DHS before Portfolio Committee on Human Settlements, Water and Sanitation to present on: • Implications of the State of The Nation Address (SONA)	• How can there be funding for a smart city, but no funding for pre-existing housing development projects? • Which are the 23 districts earmarked for the District Development Model? • What informed the identification of priority areas? • Progress with regard to informal settlements upgrading funds • Strategy to deal with illegal land occupation • Collaboration with other sister departments in the development of sustainable human settlements • Possibility of 'top-slicing' funding to address the issue of student accommodation • Need to keep track of performance as part of monitoring • Possibility of capacitating struggling municipalities	• Provincial Departments of Human Settlements to present their Business Plans and related information • Department to ensure collaborative planning with other sister departments in accordance with the District Development Model

NB: On 6 March 2020, the DHS held an Indaba with the theme "Strengthening Strategic Partnerships to Transform Human Settlements for Spatial Justice and Social Cohesion".

B. Budget Vote Debate: Department of Human Settlements

B.1 National Assembly – 16 July 2019

B.2 National Council of Provinces – 25 July 2019

C. Tablings

C.1 Reports and Financial Statements of the DHS together with those of the following entities tabled in Parliament in accordance with the Public Finance Management Act, 1999 (Act No 1 of 1999):

C.1.1 Rural Housing Loan Fund (RHLF)

C.1.2 National Urban Reconstruction and Housing Agency (NURCHA)

C.1.3 Social Housing Regulatory Authority (SHRA)

C.1.4 Community Schemes Ombud Services (CSOS)

C.1.5 Housing Development Agency (HDA)

C.1.6 Thubelisha Homes NPC (In liquidation)

C.1.7 National Home Builders Registration Council (NHBRC)

C.1.8 National Housing Finance Corporation (NHFC)

C.1.9 Estate Agency Affairs Board (EAAB)

C.2 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 the updated Strategic Plans and Annual Performance Plans of their departments, public entities or institutions for consideration. In this regard, in the aftermath of the national elections and the revival of the Appropriation Bill during the Sixth Parliament in June 2019, the following Strategic Plans and Annual Performance Plans were tabled in Parliament:

C.2.1 Department of Human Settlements (DHS)

C.2.2 National Home Builders Registration Council (NHBRC)

C.2.3 Housing Development Agency (HDA)

C.2.4 Social Housing Regulatory Authority (SHRA)

C.2.5 Community Schemes Ombud Services (CSOS)

C.2.6 Estate Agency Affairs Board (EAAB)

C.2.7 National Housing Finance Corporation (NHFC)

C.3 The following updated Strategic and Annual Performance Plans were tabled, following the adoption of the fiscal framework in March 2020:

C.3.1 Department of Human Settlements (DHS)

C.3.2 National Home Builders Registration Council (NHBRC)

C.3.3 Housing Development Agency (HDA)

C.3.4 Social Housing Regulatory Authority (SHRA)

C.3.5 Community Schemes Ombud Service (CSOS)

D. Assent by President in respect of Bills

Property Practitioners Bill (B 21B–2018), Act No 22 of 2019 was assented to and signed by the President on 19 September 2019.

E. Cabinet and its Committees

E.1 The following Cabinet Memorandum was tabled at Cabinet and its relevant Committee:

E.1.1 Housing Consumer Protection Bill, 2019.

F. Parliamentary Questions

F.1 Total number of Questions for Written Reply received from National Assembly from April 2019 to March 2020 = 59

F.2 Total number of Questions for Oral Reply received from National Assembly from April 2019 to March 2020 = 7

F.3 Total number of Questions for Written Reply received from National Council of Provinces from April 2019 to March 2020 = 8

F.4 Total number of Questions for Oral Reply received from National Council of Provinces from April 2019 to March 2020 = 5

In total 79 questions were received from Parliament.

8. SCOPA RESOLUTIONS (SIU)

SCOPA resolutions not available for the period under review.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

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

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

10. INTERNAL CONTROL UNIT

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

- Co-ordinated the development of the Action Plan in respect of the 2018/19 Auditor General Audit Report and Management Report;
- Monitored progress on the implementation of the planned actions to address prior year audit findings;
- Continued to serve as a custodian of all payments supporting documentation;
- Continued to fulfil its secretariat role to the Loss Control Committee;
- Continued its responsibility of managing the following registers:
 - o Losses incurred by the department
 - o Irregular expenditure
 - o Fruitless and wasteful expenditure; and
- Conducted compliance reviews in respect of expenditure with the value of R300 000 and above incurred during the financial year.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit

The objective of the unit is to assist all levels of management by providing a professional service designed to add value, improve accountability and service delivery objectives. During the period under review, the Internal Audit executed the approved internal audit plan. The audit work conducted has contributed in improving the departmental governance, risk management and control environment.

The Internal Audit has further executed and completed nine (9) ad hoc/management requests in areas of non-compliance, irregular and fruitless and wasteful expenditure as part of advisory services. The unit further satisfactorily coordinated all the audit committee activities and the combined assurance activities.

During the period under review, the unit conducted the periodic assessment review to determine unit compliance with code of ethics and standards. Based on the reviewers' observation, the unit is making good efforts to apply the standards and core principles of the internal auditing, including adhering to the code of ethics of internal auditors.

Audit work conducted during the period under review was as follows:

- Audit of Performance Information (AOPI) Reviews

- Review of Strategic Plan and Annual Performance Plans
- Information System Reviews
- Follow-up on the Auditor-General Action Plan
- Monitoring implementation of internal audit recommendation
- Follow-up and monitoring of reviews
- Provincial Reviews – Auditing Reported Provincial Delivery Figures (Quarters 1 & 2)
- Title Deeds Post-2014 Review
- Corporate Governance of ICT 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 an independent oversight function over governance, risk management and internal control processes of the Department and furthermore makes recommendations to the Accounting Officer in order to improve the operations of the Department.

The Committee has fulfilled its responsibilities in line with its mandate and also held in-committee meetings with management, internal audit and the Auditor-General to address any concerns from all these key stakeholders. During the period under review the Committee held six (6) meetings. The table below provides details of members of the committee including their qualifications

Audit Committee members

Name	Qualifications	Internal or external member	Date Appointed	No. of meetings attended
Mr Sindile Faku [Chairperson]	• Master of Science • Graduate Diploma (Company Direction) • Bachelor of Education Honours • Senior Teachers Diploma • Compliance and Risk Certificate	External Member	1 May 2015*	6 out of 6
Ms Welekazi Dukuza	• Bachelor of Procurations • Admitted Attorney • Diploma in Tax Practice • Certificate in Labour Relations Management • Master in Business Administration	External Member	1 May 2015*	6 out of 6
Dr Malindi Neluheni	• Doctor of Philosophy (Architecture-Civil Engineering Minor) • Master's Degree in City and Regional Planning • Bachelor of Arts Honours in Geography • Bachelor of Arts • Teacher Certificate	External Member	1 Oct 2018	5 out of 6
Dr Charles Motau	• Doctor Technologiae: Computer Science and Data Processing • Master's Degree in Business Leadership [MBL] • Master's Degree in Information Technology • Bachelor of Commerce • Higher Diploma in Computer Auditing • Certificate in IT Projects Management • Certificate in Executive Leadership • Certificate in Human Resource Management • Certificate in Digital Transformation Strategy	External Member	1 Oct 2018	5 out of 6
Ms Nontlanza Sizani	• Bachelor of Accounting Science Honours • Bachelor of Commerce • Senior Teachers Diploma • Post Graduate Diploma in Management • Certificate in the Theory of Accountancy (CTA) • AGA (SA)	External Member	1 Oct 2018	6 out of 6

* Contract extended for a further three years with effect from 01 May 2018.

12. AUDIT COMMITTEE REPORT

Report of the Audit Committee

The Audit Committee is pleased to present its report for the financial year ended 31 March 2020.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The Audit Committee acknowledges management's efforts to maintain effective and efficient internal controls in the department. The Audit Committee is largely satisfied with the control environment while based on the results of the work conducted by the internal audit and external auditors which highlighted certain weaknesses. The Committee is concerned with the following recurring matters not adequately addressed by management to improve the control environment:

- Performance Information – Programme 3
- ICT environment [ICT Governance, Lack of ICT strategy, IT General Controls and Application Controls
- High vacancy rate in critical positions

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

Internal Audit Function

The committee has reviewed the Internal Audit work, which was based on the risk assessments conducted in the department which revealed certain weaknesses, which were then raised with the Department and management has made commitment to address them.

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department. The committee notes with satisfaction the independence and objectivity of Internal Audit function.

Risk management function

The Audit Committee is responsible for the oversight of the risk management function. The risk management committee quarterly reports to the Audit Committee on the department's management of risk activities. The committee has reviewed the risk register and the reports from the risk committee and is generally satisfied with the maturity of the risk management process.

In-Year Management and Monthly/Quarterly Report

The Committee has noted that the department has complied with Public Finance Management Act by reporting to National Treasury on monthly and quarterly basis.

Evaluation of Financial Statements

The Committee has reviewed and discussed the annual financial statements included in the annual report prior to audit and post after audit with both management and the accounting officer; including the Auditor General's report and management's response in relation to the financial statements and also the reviewed the quality and timeline of the financial information availed to the committee for oversight purposes during the year. The committee commends management for good quality annual financial statement submitted for audit.

Main activities undertaken by the Audit Committee during the financial year under review, include:

The committee reviewed and/or performed oversight over:

- i. All Quarterly Interim Financial Statements and unaudited Annual Financial Statements (AFS) before submission to the AGSA on 31 July 2020;
- ii. Monitoring and implementation of corrective action plans to address AGSA and Internal audit findings;
- iii. The appropriateness of the accounting policies, practices and the potential changes thereon tabled at the Committee meetings;
- iv. The effectiveness of the system of risk management including fraud prevention and anti-corruption strategies;
- v. The process to ensure compliance with relevant laws and regulations.
- vi. In-year monitoring reports on the Department operations including Information and Communication Technology (ICT) and Human Resources Management (HRM) governance;
- vii. The Quarterly Performance Information Reports and the Annual Report prior to submission to the AGSA and final publication; and
- viii. The plans, work and reports of the Internal Audit and the AGSA.

Auditor-General's Report

The committee is not satisfied that all prior year audit matters raised by external auditors were adequately resolved. The Committee concurs with and accepts the conclusion and audit opinion of the Auditor-General South Africa (AGSA) on the audited annual financial statements and material findings raised on the performance information or predetermine objectives. The committee is of the view that the audited financial statement be accepted and read together with the report of AGSA. The committee also confirms that it has been thoroughly appraised of the issues giving rise to the audit opinion. The audit committee is not aware of any unresolved issues pertaining to the current year audit.

On behalf of the Committee I would like to express my sincere appreciation to the Accounting Officer, Management, Internal Audit, Risk Management Committee and the Auditor-General South Africa for their support and co-operation during the period under review.



Mr S Faku
Chairperson of the Audit Committee
Department: Human Settlements
Date: 30 October 2020

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regard to the following:

Criteria	Response		Discussion (include a discussion on your response and indicate what measures have been taken to comply)
	Yes	No	
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?		No	Not Applicable The Department is not issuing licences or other concessions
Developing and implementing a preferential procurement policy?	Yes		The Department's Procurement Policy incorporates the PPPFA and its associated Regulations A procurement Check List was developed and is implemented to ensure that all bids invitations for the procurement of goods and services from a transaction value of R30 000 and above include a criteria for further evaluation of proposals terms of the 80/20 or 90/10 Preference Point System
Determining qualification criteria for the sale of state-owned enterprises?		No	Not Applicable to the Department
Developing criteria for entering into partnerships with the private sector?	Yes		All bids for projects of a transaction value of R 500 000 and above include a criteria for further evaluation of proposals terms of the 80/20 or 90/10 Preference Point System or a 30% sub-contracting clause to Designated Groups.
Determining criteria for awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?		No	Not Applicable to the Department.

PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The following legislation and prescripts govern human resource management in the Public Service:

Legislation

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

Prescripts

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



2. OVERVIEW OF HUMAN RESOURCES

Filling of posts

The Department of Human Settlements has embarked on a recruitment drive process aimed at filling all critical and essential service posts. In view of the high vacancy and insufficient capacity in the Department to perform critical functions towards achieving the Departmental mandate, the Department took a decision to fill some of the critical vacant positions on a three (3) year contract basis. The Department has since realised that the current manner of appointments on a contract basis poses multiple challenges and limitations on securing the desired and preferred candidates and decided to revert back to recruiting and filling vacant posts on a permanent basis against contract appointment. All identified critical vacant and funded posts must be filled urgently on a permanent basis.

The cut in the Compensation of Employees (CoE) budget during the MTEF period was one of the constraints in the Department's endeavour to build its capacity to deliver on its mandate. Notwithstanding this, the Department filled 22 (26%) of its prioritised and critical posts. The Department prioritised the filling of 84 critical posts of which 33 (39%) were advertised on salary levels 3–14. There are acting appointments in some of the posts, which are in the process of advertisement, recruitment and selection.

Review of the Departmental Organisational Structure

The Department has been embarking on the process of reviewing its organisational structure since the middle of the Fifth Administration term and has carried this over to the Sixth Administration term, with the implementation date set for 1

December 2020. By the end of the Fifth Administration term, the Department's Executive Management Team (EMT) had endorsed a proposed organisational structure for the Department. The process was halted to allow time for consulting with other stakeholders to enable the smooth transitioning from the Fifth Administration to the Sixth Administration term.

As a result of the mandate of the Department remaining unchanged from the Fifth to the Sixth Administration, it was not necessary to re-start the organisational structure review process from scratch and disregard all the work that had previously been undertaken in this regard. However, changes to the priorities of the Department as articulated in the new MTSF priorities (2019–2024) and the National Treasury's Objective-Based Budget Structure for the Department, among others, required that the previously EMT-endorsed proposed organisational structure be adjusted and aligned accordingly. The proposed organisational structure is not 100% aligned to the Objective-Based Budget Structure; however, it is aligned to it as all programmes and sub-programmes outlined in the Objective-Based Budget Structure and catered for in the proposed organisational structure. The organisational structure is currently at an advanced stage of approval.

Employee Health and Wellness Programme

The Employee Health and Wellness Programme (EHWP) served as an effective intervention to enhance employee productivity, through the:

- Provision of confidential 365/24/7 short-term counselling services, by an internal EHW practitioner and also externally by a contracted service provider;

- Coordination of health promotion interventions inclusive of quarterly onsite Employee Wellness Days in partnership with GEMS, whereby health screenings and HIV counselling and testing are conducted; and
- Provision of onsite COVID-19 screenings in response to the President's Declaration of a National State of Disaster due to the corona virus pandemic.

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

The Department complied with the DPSA EPMDS directive for payment of approved and applicable performance incentives within the prescribed 1.5% for salary levels 2-12 and Senior Management Services (SMS) members (Directors and Chief Directors); however, the moderation of top management (Deputy Directors-General) was not achieved during the current financial cycle.

Timeous conclusion of annual performance (EPMDS) moderations for staff, including SMS and appeals, with all staff qualifying for an incentive duly paid within the 2019/20 budget.

Implementation of the Human Resource Development Programme

Notable achievements included the implementation of the approved departmental Workplace Skills Plan as well as the appointment and implementation of the departmental Internship Programme, where 37 Interns were appointed within the Department for a period of twenty four (24 months).

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel-related Expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2019 to 31 March 2020

Programme Name	Total expenditure	Personnel expenditure	Training expenditure	Professional and special services expenditure	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)	Employment (Including Periodical - and Abnormal Appointments)
	R'000	R'000	R'000	R'000	%	R'000	
1. Administration	426 158	213 421	2 151	1 751	50.1	550	388
2. Human Settlements Policy, Strategy and Planning	94 614	61 742	0	4 809	65.3	834	74
3. Human Settlements Delivery Support	203 177	61 721	0	65 317	0.2	772	80
4. Housing Development Finance	32 621 604	19 321	0	200	9.5	805	24
Total	33 345 553	356 205	2 151	72 077	1.1	629	566

Table 3.1.2 Personnel costs by salary band for the period 1 April 2019 to 31 March 2020

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Skilled (levels 3-5)	24 394	6.8	93	262 301
Highly skilled production (levels 6-8)	52 937	14.8	122	433 910
Highly skilled supervision (levels 9-12)	142 489	39.7	186	766 070
Senior management (levels 13-16)	86 202	24.0	67	1 286 597
Contract (levels 1-2)	120	-	1	120 000
Contract (levels 3-5)	2 623	0.7	9	291 444
Contract (levels 6-8)	6 565	1.8	20	328 250
Contract (levels 9-12)	17 138	4.8	21	816 095
Contract (levels >13)	17 683	4.9	9	1 964 778
Other	6 054	1.7	37	163 622
Total	356 205	99.3	566	629 337

Table 3.1.3 Salaries, overtime, home owners allowance and medical aid by programme for the period 1 April 2019 to 31 March 2020

Programme Name	Salaries		Overtime		Home Owners Allowance		Medical Aid		Total personnel cost per programme (R'000)
	Salaries Amount R'000	Salaries as a % of personnel costs	Overtime Amount R'000	Overtime as a % of personnel costs	HOA Amount R'000	HOA as a % of personnel costs	Medical aid Amount R'000	Medical aid as a % of personnel costs	
1. Administration	140 998	66.1	2 036	1.0	4 837	2.3	7 474	3.5	213 421
2. Human Settlements Policy, Strategy and Planning	42 397	68.7	186	0.3	1 020	1.7	1 067	1.7	61 742
3. Human Settlements Programme Delivery Support	42 760	69.3	49	0.1	954	1.5	1 329	2.2	61 721
4. Housing Development Finance	13 452	69.6	-	-	317	1.6	554	2.9	19 321
Total	239 607	67.3	2 271	0.6	7 128	2.0	10 424	2.9	356 205

Table 3.1.4 Salaries, overtime, home owners allowance and medical aid by salary band for the period 1 April 2019 and 31 March 2020

Programme Name	Salaries		Overtime		Home Owners Allowance		Medical Aid		Total Personnel Cost per Salary Band (R'000)
	Salaries Amount R'000	Salaries as a % of personnel costs	Overtime Amount R'000	Overtime as a % of personnel costs	HOA Amount R'000	HOA as a % of personnel costs	Medical aid Amount R'000	Medical aid as a % of personnel costs	
Skilled (levels 3-5)	16 409	67.3	490	2.0	1 577	6.5	2 652	10.9	24 394
Highly skilled production (levels 6-8)	35 609	67.3	930	1.8	1 971	3.7	4 081	7.7	52 937
Highly skilled supervision (levels 9-12)	95 848	67.3	630	0.4	1 617	1.1	3 012	2.1	142 489
Senior management (levels 13-16)	57 985	67.3	-	-	1 886	2.2	535	0.6	86 202
Contract (levels 1-2)	81	67.5	-	-	-	-	-	-	120
Contract (levels 3-5)	1 764	67.3	60	2.3	-	-	-	-	2 623
Contract (levels 6-8)	4 416	67.3	70	1.1	17	0.3	103	1.6	6 565
Contract (levels 9-12)	11 528	67.3	79	0.5	60	0.4	37	0.2	17 138
Contracts (levels >13)	11 895	67.3	-	-	-	-	-	-	17 683
Other	4 072	67.3	12	0.2	-	-	4	0.1	6 054
Total	239 607	67.3	2 271	0.6	7 128	2.0	10 424	2.9	356 205

3.2. Employment and Vacancies

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

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations (see definition in notes below).

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

Table 3.2.1 Employment and vacancies by programme as at 31 March 2020

Programme Name	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
1. Administration, permanent	455	388	14.7	52
2. Human Settlements Policy, Strategy and Planning, permanent	83	57	31.3	0
3. Programme Delivery Support, permanent	97	87	10.3	3
4. Housing Development Finance, permanent	43	34	20.9	1
Total	678	566	16.5	56

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2020

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	115	93	19.1	0
Highly skilled production (levels 6-8)	144	122	15.3	0
Highly skilled supervision (levels 9-12)	231	186	19.5	0
Senior management (levels 13-16)	90	67	25.6	0
Other, permanent	38	38	0	36
Contract (levels 1-2), permanent	1	1	0	1
Contract (levels 3-5), permanent	9	9	0	5
Contract (levels 6-8), permanent	20	20	0	6
Contract (levels 9-12), permanent	21	21	0	4
Contract (Levels >13), permanent	9	9	0	4
Total	678	566	16.5	56

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2020

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Economists, permanent	10	8	20	0
Engineering sciences-related, permanent	3	3	0	0
Engineers and related professionals, permanent	6	6	0	0
Finance and economics-related, permanent	47	40	14.9	0
Financial and related professionals, permanent	44	40	9.1	0
General legal administration and related professionals, permanent	7	3	57.1	0
Total	117	100	14.52	0

Notes

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

Critical occupations are defined as occupations or sub-categories within an occupation –

- (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;*
- (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;*
- (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and*
- (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.*

3.3. Filling of SMS Posts

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

Table 3.3.1 SMS post information as at 31 March 2020

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	6	6	100	0	0
Salary Level 14	21	16	76.19	5	23.81
Salary Level 13	64	50	78.12	14	21.88
Total	92	73	79.34	19	20.65

Table 3.3.2 SMS post information as at 30 September 2019

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	6	6	100	0	0
Salary Level 14	21	16	76.19	5	23.81
Salary Level 13	64	50	78.12	14	21.88
Total	92	73	79.34	19	20.65

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2019 to 31 March 2020

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	7	0	7
Salary Level 13	10	0	10
Total	17	0	17

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 2019 to 31 March 2020

Reasons for vacancies not advertised within six months
The Department of Human Settlements has embarked on an organisational review process
Reasons for vacancies not filled within twelve months
The delay in approval of the proposed structure. Further reduction of the COE budget as allocated by National Treasury. The need to align to the National Treasury 's budget structure and the MTSF priorities (2019-2020) meant that some of the vacancies should be set aside

Notes

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

In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A(1) or (2) of the Public Service Act.

3.4. Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. Table 3.4.1 also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job evaluation by salary band for the period 1 April 2019 to 31 March 2020

Salary band	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (levels 1-2)	29	0	0	0	0	0	0
Skilled (levels 3-5)	140	0	0	0	0	0	0
Highly skilled production (levels 6-8)	146	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	305	6	1.97	25	8.20	0	0
Senior Management Service Band A	73	0	0	0	0	0	0
Senior Management Service Band B	21	0	0	0	0	0	0
Senior Management Service Band C	6	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	721	0	0	0	0	0	0

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2019 to 31 March 2020

Gender	African	Asian	Coloured	White	Total
Female	7	0	0	2	9
Male	8	0	0	0	8
Total	15	0	0	2	17

The following table summarises the number of employees with a disability

Employees with a disability	0
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No employee of the department remuneration exceeded the level determined by job evaluations.

3.5. Employment Changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2019 to 31 March 2020

Salary band	Number of employees at beginning of period 01 April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	94	42	6	6.40
Highly skilled production (levels 6-8)	123	2	3	2.40
Highly skilled supervision (levels 9-12)	176	4	2	1.10
Senior Management Service Bands A	44	0	1	2.30
Senior Management Service Bands B	13	0	0	0
Senior Management Service Bands C	3	0	0	0
Senior Management Service Bands D	2	0	2	100
Other permanent	42	37	7	16.70
Contracts level s3-5	12	12	14	116.70
Contracts levels 6-8	17	35	24	141.20
Contracts levels 9-12	28	7	15	53.60
Contracts Band A	5	4	5	100
Contracts Band B	4	1	4	100
Contracts Band C	2	0	2	100
Contracts Band D	4	1	1	25
Total	569	108	86	15.10

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2019 to 31 March 2020

Salary band	Number of employees at beginning of period 01 April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Engineering sciences-related, permanent	3	0	0	0
Engineers and related professionals, permanent	6	0	0	0
Finance and economics-related	41	4	5	12.20
General legal administration and related professionals	4	0	1	20
Total	53	4	6	32.20

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2019 to 31 March 2020

Termination type	Number	% of total resignations
Death	3	3.5
Resignation, permanent	18	20.9
Expiry of contract	60	69.8
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	1.2
Retirement, permanent	4	4.7
Transfer to other Public Service Departments	0	0
Other	0	0
Total number of employees who left as a % of total employment	86	100

Table 3.5.4 Promotions by critical occupation for the period 1 April 2019 to 31 March 2020

Occupation	Employees 1 April 2019	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Engineering sciences-related, permanent	3	0	0	2	66.70
Engineers and related professionals, permanent	6	0	0	5	83.30
Finance and economics-related	41	0	0	22	53.70
General legal administration and related professionals	4	0	0	2	50
Total	54	0	0	31	57.41

Table 3.5.5 Promotions by salary band for the period 1 April 2019 to 31 March 2020

Salary band	Employees 01 April 2019	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (levels 1-2)	0	0	0	0	0
Skilled (Levels 3-5)	94	1	1.1	77	81.9
Highly skilled production (levels 6-8)	123	1	0.80	86	69.9
Highly skilled supervision (levels 9-12)	176	3	1.7	128	72.7
Senior management (levels 13-16)	62	0	0	41	66.1
Other, permanent	42	0	0	1	2.4
Contracts levels 3-5	12	0	0	10	0
Contracts levels 6-8	17	0	0	1	55.9
Contracts levels 9-12	28	0	0	1	3.6
Contracts levels >13	15	0	0	0	0
Total	569	5	0.90	335	58.9

3.6. Employment Equity

Table 3.6.1 Total number of employees (including employees with a disability) in each of the following occupational categories as at 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	35	0	3	2	29	2	1	2	74
Professionals	83	1	1	4	94	7	3	12	205
Technicians and associate professionals	42	1	0	2	75	6	5	8	139
Clerks	0	0	0	0	0	0	0	0	0
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	35	0	0	1	65	1	1	0	102
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	195	2	4	9	263	16	10	22	521
Employees with a disability	3	0	0	1	2	0	1	0	7

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	3	0	1	1	2	0	1	0	8
Senior management	32	0	2	1	27	2	0	2	66
Professionally qualified and experienced specialists and mid-management	83	1	1	4	94	7	3	12	205
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	42	1	0	2	75	6	5	8	139
Semi-skilled and discretionary decision making	35	0	0	1	64	1	1	0	102
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Total	195	2	4	9	263	16	10	22	521

Table 3.6.3 Recruitment for the period 1 April 2019 to 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	3	0	0	3	1	0	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	2	0	0	2	0
Semi-skilled and discretionary decision making	3	0	0	0	1	0	0	0	0
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Total	6	0	0	3	5	0	0	2	8
Employees with a disability	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2019 to 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	1	0	0	0	0	0	1
Senior management	21	0	1	1	15	1	0	1	40
Professionally qualified and experienced specialists and mid-management	61	0	0	4	57	1	2	6	121
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	27	0	0	0	52	2	2	3	86
Semi-skilled and discretionary decision making	21	0	0	1	54	1	1	0	77
Total	130	0	2	6	178	5	5	10	325
Employees with a disability	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2019 to 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	2	0	0	0	2
Senior management	0	0	0	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	2	0	0	0	0	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	2	0	0	1	3
Semi-skilled and discretionary decision making	1	0	0	0	5	0	0	0	5
Total	3	0	0	1	9	0	0	0	13
Employees with a disability	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2019 to 31 March 2020

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Formal disciplinary action	-	-	-	-	-	-	1	1	2
Informal disciplinary action	5	-	-	-	4	-	-	-	9

Table 3.6.7 Skills development for the period 1 April 2019 to 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	12	0	0	1	13	1	0	1	28
Professionals	30	1	0	1	73	1	0	1	107
Technicians and associate professionals	27	1	0	1	45	1	1	2	78
Clerks	24	1	0	0	106	2	1	2	136
Service and sales workers	6	0	0	0	0	0	0	0	6
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	4	0	0	0	0	0	0	0	4
Elementary occupations	0	0	0	0	01	0	0	0	1
Total	103	3	0	3	238	5	2	6	360
Employees with a disability	0	0	0	0	0	0	0	0	0

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons within the prescribed timeframes and disciplinary steps taken is presented here.

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

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/Head of Department	1	1	1	100%
Salary Level 16 (Band D)	0	0	0	0%
Salary Level 15 (Band C)	6	6	6	100%
Salary Level 14 (Band B)	21	16	14	87%
Salary Level 13 (Band A)	64	50	47	94%
Total	92	73	68	93%

Notes

In the event of a national or provincial election occurring within the first three months of a financial year, all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place.

For example, if elections took place in April, the reporting date in the heading of the table above would change to 31 July 2019.

Table 3.7.2 Reasons for not having concluded Performance Agreements for all SMS members as at 31 March 2019

Reasons
1. National Elections in May 2019
2. Other work commitments
3. Unavailability of the supervisor to sign Performance Agreements before the submission date

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

Reasons
1. The LR Unit did not receive any information from the EPMDS Unit regarding the non-conclusion of performance agreements by SMS members

3.8. Performance Rewards

To encourage good performance, the Department has granted performance rewards during the year under review. The information is presented in terms of race, gender, salary bands and critical occupations (see definitions in the notes below).

Table 3.8.1 Performance rewards by race and gender for the period 1 April 2018 to 31 March 2019

Occupational band	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	293	501	58	3 849 671	13 139
Male	116	207	56	1 725 848	11 999
Female	177	294	60	2 123 823	9 740
Asian	7	15	50	79 961	11 423
Male	0	5	0	0	0
Female	7	10	70	79 961	11 423
Coloured	8	19	42	151 155	18 894
Male	1	3	33	7 172	7 172
Female	7	16	43	143 983	20 569
White	21	31	67	400 604	19 076
Male	4	9	44	94 740	23 685
Female	17	22	77	305 864	17 992
Total	329	566	58	4 562 421	13 619

Notes

The figures in the table below include the performance rewards for salary levels 2-12, inclusive of notch progression and appeals outcome.

Table 3.8.2 Performance rewards by salary bands for personnel below senior management service for the period 1 April 2018 to 31 March 2019

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost ('000)	Average cost per employee	
Lower skilled (levels 1-2)	0	1	0	0	0	0
Skilled (Levels 3-5)	80	140	57	376 660	4 708.25	1.25
Highly skilled production (levels 6-8)	102	142	71	899 997	8 823.50	0.98
Highly skilled supervision (levels 9-12)	138	207	66	2 769 966	20 070.93	0.72
Total	320	490	65	4 046 623	33 602.68	0.83

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2019 to 31 March 2020

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost ('000)	Average cost per employee (R)
Financial clerks and credit controllers	34	36	94	280 602	8 253
Household, food and laundry services-related	1	1	100	13 010	13 010
Human resources clerks	7	14	50	61 111	8 730
Security officers	8	17	47	37 384	4 673
Messengers porters and deliveries	4	7	57	23 280	5 820
Human resources, organisation development and related professionals	10	51	20	151 170	15 170
Risk management and security services	2	3	67	18 582	9 291
Finance & economics-related	34	40	85	485 816	14 289
Logistical support personnel	15	16	94	123 900	8 260
Other administrative-related clerks and organisers	14	22	64	195 000	13 928
Housekeepers and laundry-related workers	0	1	0	0	0.
Other occupations	0	2	0	0	0
Financial and related professionals	29	40	73	563 210	19 421
Administrative-related	53	96	55	1 081 360	20 403
Communication and information-related	0	3	0	0	0
Secretaries and other keyboard operating clerks	39	56	70	281 843	7 227
Cleaners in offices, workshops, hospitals, etc.	20	25	80	78 120	3 906
Library and mail-related clerks	6	5	120	59 400	9 899
Human resources-related	5	10	50	124 530	24 906
Trade/industry advisors and other related professionals	0	1	0	0	0
Head of department/chief executive officer	0	1	0	0	0
General legal administration and related professionals	2	3	67	32 284	16 142
Material, recording and transport clerks	8	8	100	46 420	5 802

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost ('000)	Average cost per employee (R)
Other administrative policy and related officers	1	1	100	23 278	23 278
Bus and heavy vehicle drivers	0	1	0	0	0
Senior managers	10	53	19	381 360	38 136
Client information clerks (switchboard, reception)	3	15	20	17 000	5 666
Economists	6	8	75	113 772	18 962
Engineers and related professionals	6	6	100	169 630	28 271
Other information technology personnel	8	9	89	104 200	13 025
Engineering sciences-related	1	3	33	33 105	33 105
Security guards	2	3	67	9 992	4 996
Food services and waiters	5	6	83	18 720	3 745
Community development workers	1	2	50	25 453	25 453
Librarians and related professionals	1	1	100	8 343	8 343
Total	335	566	59	4 562 390	13 619

Notes

The CORE classification, as prescribed by the DPSA, should be used for completion of his table.

Critical occupations are defined as occupations or sub-categories within an occupation –

- (a) In which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
- (b) For which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- (c) Where the inherent nature of the occupation requires consistent exercise of discretion and is predominately intellectual in nature; and
- (d) In respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

Table 3.8.4 Performance-related rewards (cash bonus), by salary band for senior management service for the period 1 April 2019 to 31 March 2020

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure	Personnel cost SMS (R'000)
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost ('000)	Average cost per employee		
Band A	12	50	24	409.75	34 146.20	0.7	61 898.78
Band B	2	16	12	79.45	39 723.80	0.3	22 836.02
Band C	0	4	0	0.00	0.00	0.0	0.00
Band D	1	6	16	26.74	26 740.30	0.2	12 834.15
Total	15	76	19	515.94	34 396.20	0.5	97 568.95

3.9. Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2019 to 31 March 2020

Salary band	01 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (levels 1-2)	0	0	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0	0	0
Contract (levels 9-12)	0	0	0	0	0	0
Contract (levels 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2019 to 31 March 2020

Major occupation	01 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% change
	0	0	0	0	0	0
	0	0	0	0	0	0
Total	0	0	0	0	0	0

3.10. Leave Utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2019 to 31 December 2020

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)	Total number of Employees using Sick Leave	Total number of Days with Medical Certification
Skilled (Levels 3-5)	867.00	88.5	76	18.2	11	720	417	767
Highly skilled production (Levels 6-8)	856.00	72.4	108	25.9	8	1 301	417	620
Highly skilled supervision (Levels 9-12)	1 167.00	74.1	133	31.9	9	3 275	417	865
Senior management (Levels 13-16)	379.00	86.5	45	10.8	8	1 721	417	328
Contract (Levels 3-5)	32.00	43.8	8	1.9	4	28	417	14
Contract (Levels 6-8)	50.50	55.4	9	2.2	6	74	417	28
Contract (Levels 9-12)	104.00	59.6	16	3.8	7	234	417	62
Contract (Levels 13-16)	12.00	66.7	3	0.7	4	66	417	8
Contract Other	52.00	38.5	19	4.6	3	34	417	20
Total	3 519.50	77.1	417	100.0	8	7 453	417	2 712

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2019 to 31 December 2020

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)	Total number of Days with Medical Certification	Total number of Employees using Disability Leave
Skilled (Levels 3-5)	157.00	100.00	2.00	33.30	79.00	136.00	157.00	6.00
Highly skilled production (Levels 6-8)	12.00	100.00	1.00	16.70	12.00	20.00	12.00	6.00
Highly skilled supervision (Levels 9-12)	26.00	100.00	2.00	33.30	13.00	81.00	26.00	6.00
Senior management (Levels 13-16)	29.00	100.00	1.00	16.70	29.00	128.00	29.00	6.00
Total	224.00	100.00	6.00	100.00	37.00	365.00	224.00	6.00

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

Table 3.10.3 Annual Leave for the Period 1 January 2019 to 31 December 2020

Salary band	Total Days Taken	Average per Employee	Number of Employees using Annual Leave
Skilled (Levels 3-5)	2 131	22	96
Highly skilled production (Levels 6-8)	2 993	24	127
Highly skilled supervision (Levels 9-12)	4 435	25	179
Senior management (Levels 13-16)	1 470	24	62
Contract (Levels 3-5)	195	15	13
Contract (Levels 6-8)	177	11	16
Contract (Levels 9-12)	406	17	24
Contract (Levels 13-16)	129	13	10
Contract Other	335	8	41
Total	12 271	22	568

Table 3.10.4 Capped leave for the period 1 January 2019 to 31 December 2020

Salary band	Total Days of Capped Leave Taken	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at End of Period	Number of Employees using Capped Leave	Total Number of Capped Leave Available at End of Period	Number of Employees as at End of Period
Skilled (Levels 3-5)	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled production (Levels 6-8)	2.00	2.00	29.00	1.00	456.50	16.00
Highly skilled supervision (Levels 9-12)	5.00	1.00	31.00	4.00	1 325.79	43.00
Senior management (Levels 13-16)	2.00	2.00	44.00	1.00	654.93	15.00
Contract (Levels 1-2)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (Levels 13-16)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (Levels 3-5)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (Levels 6-8)	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 Other	0.00	0.00	0.00	0.00	0.00	0.00
Total	9.00	2.00	33.00	6.00	2 437.22	74.00

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

Table 3.10.5 Leave payouts for the period 1 April 2019 to 31 March 2020

Reason	Total Estimated Amount (R'000)	Number of Employees	Estimated Average per Employee (R)
Leave payout for 2019/2020 due to non utilisation of leave for previous cycle	268	3	89 333
Capped leave payouts on termination of service for 2019/2020	458	3	152 667
Current leave payout on termination of service for 2019/2020	2 044	45	45 422
Total	2 770	51	287 422

4. HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 4.1 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
General cleaners	Personal Protective Equipment distributed to all cleaners i.e sanitizers, gloves and safety boots

Table 4.2 Details of health promotion and HIV/AIDS programmes

Question	Yes	No	Details, if the answer is 'yes'
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Palesa Mokalapa Director: Organisational Transformation
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		The Department has an Employee Health & Wellness unit at the level of Sub-directorate with two permanent officials. The EHW Coordinator is at a Deputy-Director level, who is a registered professional nurse and an internal EHW practitioner at Assistant-Director level, who is a registered Social Worker
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this programme.	Yes		Provision of onsite and offsite counselling to employees and their dependents on various psychosocial problems, training services on health promotion, including wellness days and Health Calendar events, and trauma debriefing services and bereavement support
4. Has the Department established committee(s) as contemplated in Part VI E.5 of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Vacant, CD:HR H. Winkler, Director: Human Resources Development C. Ramalepe, Director: Human Resource Administration B. Ntantsana, Assistant-Director: DG's Office N. Diko, Deputy-Director: Capacity Development D. Mahlaba, ASD: EHW M. Ramakgale, Union Representative L. Tshivhase, Secretary P. Mokalapa, Director: OT D. Moodley, Director: Facilities Management (OHS) M. Els, Assistant Director: Labour Relations J. Mokolo, Deputy-Director: Finance R. Mafhala, Deputy-Director: Employment Equity F. Hlongwane, Union Representative E. de Koker, Deputy-Director: EHW
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		No	
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Discrimination against HIV positive employees is dealt with according to the Department's disciplinary code and procedures as stipulated in the departmental HIV/AIDS and TB Management Policy
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		On average, 30% of employees attended HCT to know their HIV status during quarterly Wellness Days
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		DPSA Quarterly Integrated EHW Reporting Tools DPSA Annual Integrated EHW Reporting Tools DPSA Annual EHW System Monitoring Tool

5. LABOUR RELATIONS

Table 5.1 Collective agreements for the period 1 April 2019 to 31 March 2020

Total number of collective agreements	0
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The table below summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 5.2 Misconduct and disciplinary hearings finalised for the period 1 April 2019 to 31 March 2020

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	-	-
Written warning	1	9.1%
Final written warning	8	72.7%
Suspended without pay	1	9.1%
Fine	-	-
Demotion	1	9.1%
Dismissal	-	-
Not guilty	-	-
Case withdrawn	-	-
Total	11	100%

Table 5.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2019 to 31 March 2020

Type of misconduct	Number	% of total
Gross financial misconduct, gross insubordination, gross dishonesty, gross misrepresentation Gross violation of prescripts, gross negligence, financial misconduct	1	100%
Total	1	100%

Table 5.4 Grievances logged for the period 1 April 2019 to 31 March 2020

Grievances	Number	% of total
Number of grievances resolved	18	94.7%
Number of grievances not resolved	1	5.3%
Total number of grievances lodged	19	100%

Table 5.5 Disputes logged with Councils for the period 1 April 2019 to 31 March 2020

Disputes	Number	% of total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Number of disputes pending/not finalised	7	100
Total number of disputes lodged	7	100

Table 5.6 Strike actions for the period 1 April 2019 to 31 March 2020

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

Table 5.7 Precautionary suspensions for the period 1 April 2019 to 31 March 2020

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	520
Cost of suspension	R2 441 966.00

6. SKILLS DEVELOPMENT

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

Table 6.1 Training needs identified for the period 1 April 2019 to 31 March 2020

Occupational category	Gender	Number of employees as at 01 April 2019	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	Male	36	0	19	0	19
	Female	41	0	28	0	28
Professionals	Male	105	0	113	1	114
	Female	64	0	50	0	50
Technicians and associate professional	Male	56	0	24	0	24
	Female	47	0	13	0	13
Clerks	Male	106	28	32	0	32
	Female	46	9	14	0	14
Service and sales	Male	12	0	0	0	0
	Female	13	0	2	0	2
Plant and machine operators and assemblers	Male	0	0	0	0	0
	Female	1	0	1	0	1
Elementary occupations	Male	26	0	8	0	8
	Female	12	0	4	0	4
Sub-total	Male	341	28	196	0	224
	Female	224	9	112	0	121
Total		529	37	308	1	346

Table 6.2 Training provided for the period 1 April 2019 to 31 March 2020

Occupational category	Gender	Number of employees as at 01 April 2019	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	Male	36	0	12	3	15
	Female	41	0	13	0	13
Professionals	Male	105	28	67	8	75
	Female	64	8	25	7	32
Technicians and associate professional	Male	56	0	49	0	49
	Female	47	0	26	3	29
Clerks	Male	106	0	102	9	111
	Female	46	0	24	1	25
Service and sales	Male	12	0	0	0	0
	Female	13	0	4	2	6
Plant and machine operators and assemblers	Male	0	0	0	0	0
	Female	1	0	4	0	4
Elementary occupations	Male	26	0	1	0	1
	Female	12	0	0	0	0
Sub-total	Male	341	28	231	20	279
	Female	224	8	96	13	117
Total		529	36	327	33	396

7. INJURY ON DUTY

The table below provides basic information on injury on duty.

Table 7.1 Injury on duty for the period 1 April 2019 to 31 March 2020

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	0	0

8. UTILISATION OF CONSULTANTS

The tables below relate to information on the utilisation of consultants in the Department. In terms of the Public Service Regulations 'consultant' means a natural or juristic person or a partnership who or which provides, in terms of a specific contract on an ad hoc basis, any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Table 8.1 Report on consultant appointments using appropriated funds for the period 1 April 2019 to 31 March 2020

Project title	Total number of Consultants that worked on project	Duration (work days)	Contract value in Rand
Debtors System Programming	2	252	R2 500 000.00

Total number of projects	Total Individual Consultants	Duration (work days)	Total contract value in Rand
1	2	252	R2 500 000.00

Table 8.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs), for the period 1 April 2019 to 31 March 2020

Bid Number	Project Title	Company Name/ Consultant	Contract Value R	Project Duration	Number of Consultants that worked on Project	Company B-BBEE Status Level
VA49/646	Development of Gauteng Province Informal Settlements Strategy and Management Plan for Gauteng Department of Human Settlements	Durapi Consulting	356 700.00	Bid cancelled Refer to bid VA 49/683		
VA49/649	Participatory Planning Support for Informal Settlements Upgrading Programme in Umzinyathi and Uthugela District Municipalities	Gudlhuza Development Solutions	898 150.00	48 weeks	5	Level 1
VA49/658	Participatory Planning Support for Informal Settlements Upgrading Programme in iLembe and KwaDukuza District Municipalities	Plan Associates Town and Regional Planners	1 747 799.00	48 weeks	6	Level 3
VA49/659	Participatory Planning Support for Informal Settlements Upgrading Programme in JB Marks Municipality	IX Engineering	1 889 680.00	48 weeks	4	Points not awarded (B-BBEE Certificate not attached when the bid closed)
VA49/669	Development of the Provincial Informal Settlements Strategy and Management Plan for the Northern Cape Department of Human Settlements	Shisaka Development Management Services	1 399 698.00	22 weeks	5	Level 4
VA49/671	Conduct Assessment, Categorisation and Develop the Informal Settlements Upgrading Plans in Umngungundlovu District Municipality	Bageso Housing Development Consultants T/A Nazwo Trading 11	1 920 500.00	48 weeks	Unspecified	
VA49/644	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes in Harry Gwala District Municipality	Kayamande Development Solutions	410 181.00	70 weeks	5	Level 2
VA49/651	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes	Vintage Business Resources	520 000.00	Bid cancelled Refer to bid VA 49/686		
VA49/653	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes at Mzinyathi and uThukela District Municipalities	Vintage Business Resources	516 000.00	17 weeks	4	Level 1
VA49/654	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes at iLembe District Municipalities	Vintage Business Resources	520 000.00	70 weeks	4	Level 1
VA49/655	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes at Zululand District Municipalities	Vintage Business Resources	520 000.00	70 weeks	4	Level 1
VA49/657	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes	Vintage Business Resources	520 000.00	70 weeks	4	Level 1
VA49/660	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes	Vintage Business Resources	380 000.00	70 weeks	4	Level 1

Bid Number	Project Title	Company Name/ Consultant	Contract Value R	Project Duration	Number of Consultants that worked on Project	Company B-BBEE Status Level
VA49/661	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes in Ekurhuleni Metropolitan Municipality	Vintage Business Resources	600 000.00	70 weeks	4	Level 1
VA49/656	Conduct the Assessment, Categorisation and Develop the Informal Settlements Upgrading Plans at Zululand District Municipalities	JTP Consortium	3 844 168.25	48 weeks	Unspecified	Level 1
VA49/667	Participatory Planning Support for Informal Settlements Upgrading Programme in uMgungundlovu District Municipality	Plan Associates Town and Regional Planners	1 064 962.10	48 weeks	6	Level 3
VA49/668	Develop North West Province Informal Settlements Strategy and Management Plan for the North West Department of Human Settlements	Durapi Consulting	1 819 700.00	22 weeks	3	Level 1
VA49/670	Develop Provincial Informal Settlements Strategy and Management Plan for the Eastern Cape Department of Human Settlements	Gudlhuza Development Solutions	1 322 500.00	22 weeks	5	Level 1
VA49/672	Conduct the Assessment, Categorisation and Develop the Informal Settlements Upgrading Plans at uMgungundlovu District Municipalities	Asande Consulting Engineering	2 304 600.00	48 weeks	Unspecified	Level 1
VA49/673	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes in the City of Johannesburg Region A	Vintage Business Resources	680 000.00	41 weeks	5	Level 1
VA49/675	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes in the City of Johannesburg Region B	Vintage Business Resources	680 000.00	41 weeks	5	Level 1
VA49/677	Conduct the Assessment, Categorisation and Develop the Informal Settlements Upgrading Plans in the City of Johannesburg Regions A B	Aurecon SA (Pty) Ltd	2 983 703.98	41 weeks	Unspecified	Level 1
VA49/686	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes in Harry Gwala District Municipality (Kokstad; Ubuhlebezwe and Umzimkulu Municipalities)	Gudlhuza Development Solutions	483 000.00	48 weeks	4	Level 1
VA49/688	Participatory Planning Support for Informal Settlements Upgrading Programme in District Municipality	Gudlhuza Development Solutions	898 150.00	48 weeks	5	Level 1
VA49/689	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes in Msunduzi and Richmond Municipalities	Gudlhuza Development Solutions	483 000.00	48 weeks	5	Level 1
VA49/690	Undertake Community Engagement Facilitation in tandem with appointed PRT for the Development of city wide Informal Settlements Upgrading Programmes in Umngeni and Mshwati Municipalities	Vintage Business Resources	400 000.00	48 weeks	4	Level 1
VA 49/613	Appointment of a service provider to render cleaning and hygiene services for the Department of Human Settlements	Bontle-ke-Botho Facility Management Services	7 647 770.72	Thirty six (36) Months	27	Level 1
VA49/638	Provision of Media Monitoring Function to the Department of Human Settlements	Stickfire Media (Pty) Ltd	1 438 181.14	Twenty four (24) Months	Unspecified	Level 1

Bid Number	Project Title	Company Name/ Consultant	Contract Value R	Project Duration	Number of Consultants that worked on Project	Company B-BBEE Status Level
VA50/314-1	Performance of Data Analysis on the data sourced from the Transversal Systems (Persal; BAS and Logis)	Business Innovation Group	596 428.00	800 hours	Unspecified	Level 1
VA50/314-2	Performance Audit of the Sectoral Transformation Programme for the Youth and Women	Business Innovation Group	298 214.00	400 hours	Unspecified	Level 1
VA50/314-3	Conduct a Compliance Review in Occupational Health and Safety in the Department of Human Settlements	O.M.A Chartered Accountants Incorporated	188 804.70	250 hours	3	Level 1
VA50/315-1	Conduct Verification of the Reported Performance Information in the Provincial Department of Human Settlements (Province 1)	Rakoma and Associates Incorporated	197 426.25	6 weeks	4	Level 1
VA50/315-2	Conduct Verification of the Reported Performance Information in the Provincial Department of Human Settlements (Province 2)	Rakoma and Associates Incorporated	197 426.25	6 weeks	4	Level 1
VA50/315-3	Conduct Verification of the Reported Performance Information in the Provincial Department of Human Settlements (Province 3)	Rakoma and Associates Incorporated	197 426.25	6 weeks	4	Level 1
VA50/315-4	Conduct Performance Audit of the Military Veterans Programme in the Department of Human Settlements	Business Innovation Group	298 214.00	12 weeks	Unspecified	Level 1
VA50/315-5	Conduct Audit of the Asset Management in the Department of Human Settlements	Rakoma and Associates Incorporated	199 755.00	6 weeks	4	Level 1
VA50/315-6	Conduct a Review of the Corporate Governance of ICT in the Department of Human Settlements	Rakoma and Associates Incorporated	201 307. 50	12 weeks	4	Level 1
VA50/315-7	Conduct a Review of the Department of Human Settlements Strategic and Annual Performance Plans for 2020/2021	Rakoma and Associates Incorporated	90 873.00	4 weeks	4	Level 1
VA50/325	Production of video, photographic and provision of Secretarial and transcripts services to six Public Hearings on the Housing Consumer Protection Bill	FNP Communication	486 381.00	6 days	Unspecified	Level 1
VA49/640	Rendering Employee Assistance Programme to the Department of Human Settlements	Careways Wellness (Pty) Ltd	1 348 011.60	36 months	Unspecified	Level 2
VA 49/683	Development of the Provincial Strategy and Management Management Plan for the Gauteng Department of Human Settlements	Shisaka Development Management Services	1 949 250.00	22 weeks	Unspecified	Level 4
VA49/685	Undertake Community Development Engagement processes in Ugu District Municipalities	Vintage Business Resources	410 000.00	17 weeks	5	Level 1
VA50/334	Review Monitoring processes for Urban Settlements Development Grant and MEHG	O.M.A Chartered Accountants Incorporated	266 091.95			
VA 50/335	Review the Back-ups and recovery processes in the department of Human Settlements	Big Business Innovation Group (Pty) Ltd	144 316.00	10 weeks	Unspecified	Level 1
VA50/336	Review of Planning and Monitoring processes for HSDG, PEHG and TDRG	Big Business Innovation Group (Pty) Ltd	252 552.00	10 weeks	Unspecified	Level 1
VA49/681	Conduct the Assessment, Categorisation and Develop Informal Settlements Upgrading Plans in Lekwa Municipality	Plan Associates and Town and Regional Planners	671 931.20	48 weeks	5	Level 3
VA49/682	Conduct the Assessment, Categorisation and Develop Informal Settlements Upgrading Plans in Ugu District Municipalities	Aurecon SA (Pty) Ltd	2 546 436.64	48 weeks	Unspecified	Level 2

9. SEVERANCE PACKAGES

Table 9.1 Granting of employee-initiated severance packages for the period 1 April 2019 to 31 March 2020

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by the MPSA	Number of packages approved by the Department
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0
Senior management (levels 13-16)	0	0	0	0
Total	0	0	0	0

PART E
FINANCIAL
INFORMATION



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 38: NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the National Department of Human Settlements set out on pages 138 to 209, which comprise the appropriation statement, statement of financial position as at 31 March 2020, 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 2020, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019) (DoRA).

Basis for opinion

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

Other matter

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

Unaudited supplementary schedule

7. The supplementary information set out on page 210 to 224 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 MCS prescribed by National Treasury and the requirements of the PFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the 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 Department's ability to continue as a going concern, disclosing, as applicable, matters relating to a going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the Department or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of 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 do not examine whether the actions taken by the Department enabled service delivery. My procedures also do 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 programme presented in the annual performance report of the Department for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 3 – Programme Monitoring and Delivery Support	page 46 page 150-153

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. The material findings in respect of the usefulness and reliability of the selected programme are as follows:

Various Indicators

17. The method of calculation for measuring the planned indicators was not clearly defined, as related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievements reported in the annual performance report of the listed indicators:

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. Refer to the annual performance report on pages 56 to 73 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant 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 paragraph 16 to 17 of this report.

Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported

Indicator description	Target	Achievement
Programme implementation support provided to number of government-led catalytic projects	Programme implementation support provided to 50 government-led catalytic projects	Programme implementation support provided to 50 government-led catalytic projects
Programme implementation support for the revitalisation of distressed mining communities in a number of local municipalities provided	Programme implementation support for the revitalisation of distressed mining communities in 23 local municipalities provided	Programme implementation support for the revitalisation of distressed mining communities in 23 local municipalities provided
Provinces and metros supported for upgrading a number of households in informal settlements	Support provided to provinces and metros for the upgrading of 68 739 households in informal settlements	Support not fully provided to provinces and metros. Upgrading of 51 390 households in informal settlements was delivered
Provinces and municipalities supported to provide a number of individual units for the subsidy housing market	Provinces and municipalities supported to provide 74 450 individual units for the subsidy housing market	Provinces and municipalities supported to provide 58 721 individual units for the subsidy housing market
Support provided to deliver a number of private affordable rental housing units	Support provided on the delivery of 4 000 private affordable rental housing units	Support to deliver of 732 private affordable rental housing units was not fully provided
Support provided on the implementation of the Social Housing Programme to deliver a number of units	Support provided on the implementation of the Social Housing Programme to deliver 3 000 units	Support provided on the implementation of the Social Housing Programme to deliver 3 044 units
Support provided on the implementation of the Community Residential Unit (CRU) Programme to deliver a number of units	Support provided on the implementation of the Community Residential Unit (CRU) Programme to deliver 400 units	Support provided on the implementation of the Community Residential Unit (CRU) Programme to deliver 150 units
Number of provinces supported to deliver multiyear land assembly targets	Nine provinces supported to deliver the multiyear land assembly targets	Support provided to nine provinces to deliver the multiyear land assembly targets
Support provided to Provincial Departments to register a number of pre- and post-1994 title deeds	Support provided to Provincial Departments towards the registration of 50 000 pre- and post-1994 title deeds	Support provided to Provincial Departments towards the registration of 25 768 pre- and post-1994 title deeds
Provinces supported in the implementation of the Title Deeds Programme (from April 2014) to deliver a number of title deeds	Provinces supported in the implementation of the Title Deeds Programme (from April 2014) to deliver 46 000 title deeds	Provinces supported in the implementation of the Title Deeds programme (from April 2014) to deliver 3 593 title deeds
Provinces supported to deliver a number of housing opportunities to Military Veterans	Provinces supported in the delivery of 500 housing opportunities to Military Veterans	Nine provinces supported to deliver 489 housing opportunities to Military Veterans
Number of provinces supported in the implementation of PHP policy	Nine provinces supported in implementing the PHP policy	Nine provinces supported in implementing the PHP policy

performance information of Programme Monitoring and Delivery Support. 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

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

Other information

23. The accounting officer is responsible for the other information. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.

24. 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.
25. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. 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.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

28. I considered internal controls 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 basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
29. Leadership did not adequately monitor performance information reporting to promote efficiency and effectiveness. The Department developed a plan to address internal and external audit findings relating to performance information. However, senior management did not monitor implementation of the plan in a timely manner.

Auditor-General

Pretoria

30 September 2020



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 performed on reported performance information for selected programme and on the Department’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, and misrepresentations of the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer;
- conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating 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 my 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 operating as a going concern; and

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

Communication with those charged with governance

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, actions taken to eliminate threats or safeguards applied.

Audited Annual Financial Statements for national department of Human Settlements for the year ended 31 March 2020

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Appropriation per programme

Programme	2019/20							2018/19	
	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
1. Administration	464,667	-	-	464,667	426,158	38,509	91.7%	448,188	410,879
2. Human Settlements Policy, Strategy and Planning	104,657	-	-	104,657	94,614	10,043	90.4%	97,141	90,106
3. Human Settlements Delivery Support	241,494	-	-	241,494	203,177	38,317	84.1%	231,507	174,532
4. Housing Development Finance	33,051,096	-	-	33,051,096	32,621,604	429,492	98.7%	31,679,007	31,519,867
Total	33,861,914	-	-	33,861,914	33,345,553	516,361	98.5%	32,455,843	32,195,384

	2019/20		2019/20	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	860		1,564	
NRF receipts	-		-	
Aid assistance	1,922		1,489	
Actual amounts per statement of financial performance (total revenue)	33,864,696		32,458,896	
ADD				
Aid assistance		983		859
Prior year unauthorised expenditure approved without funding				
Actual amounts per statement of financial performance (total revenue)		33,346,536		32,196,243

Appropriation per economic classification

Economic classification	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	812,596	(2,784)	(1,511)	808,301	729,377	78,924	90.2%	770,982	679,169
Compensation of employees	402,634	(2)	(1,511)	401,121	356,205	44,916	88.8%	376,945	345,026
Salaries and wages	340,292	7,582	(1,111)	346,763	317,834	28,929	91.7%	326,511	308,729
Social contributions	62,342	(7,584)	(400)	54,358	38,371	15,987	70.6%	50,434	36,297
Goods and services	409,962	(2,782)	-	407,180	373,172	34,008	91.6%	394,037	334,143
Administrative fees	397	(66)	-	331	285	46	86.1%	250	231
Advertising	19,733	(13,205)	-	6,528	5,019	1,509	76.9%	19,470	18,788
Minor assets	6,554	(4,032)	-	2,522	342	2,180	13.6%	2,130	673
Audit costs: External	9,658	-	-	9,658	7,210	2,448	74.7%	10,793	10,792
Bursaries: Employees	2,250	(1,001)	-	1,249	1,239	10	99.2%	1,131	1,113
Catering: Departmental activities	7,657	12,552	-	20,209	18,789	1,420	93.0%	8,640	7,776
Communication	11,070	(79)	-	10,991	10,141	850	92.3%	11,877	10,212
Computer services	62,759	(3,301)	-	59,458	56,419	3,039	94.9%	41,028	31,112
Consultants: Business and advisory services	131,961	(56,800)	(1,500)	73,661	67,292	6,369	91.4%	89,070	60,182
Legal services	2,658	131	1,500	4,289	4,269	20	99.5%	4,378	4,320
Contractors	5,620	7,018	-	12,638	11,926	712	94.4%	10,038	9,231
Agency and support / outsourced services	-	-	-	-	-	-	-	256	-
Entertainment	728	(351)	-	377	135	242	35.8%	440	135
Fleet services	1,789	(112)	-	1,677	1,436	241	85.6%	1,594	1,119
Consumable supplies	3,253	(678)	-	2,575	1,659	916	64.4%	2,780	1,900
Consumable: Stationery, printing and office supplies	12,507	(7,382)	-	5,125	2,940	2,185	57.4%	5,384	3,018
Operating leases	30,300	13,501	-	43,801	43,800	1	100.0%	41,840	41,723
Property payments	16,557	(3,306)	-	13,251	13,166	85	99.4%	12,914	12,203

Appropriation per economic classification

Economic classification	2019/20							2018/19	
	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
Travel and subsistence	55,828	21,122	-	76,950	68,215	8,735	88.6%	75,811	68,532
Training and development	5,204	(2,803)	-	2,401	2,151	250	89.6%	2,807	2,485
Operating payments	10,682	(3,890)	-	6,792	5,264	1,528	77.5%	8,378	6,721
Venues and facilities	12,797	39,900	-	52,697	51,475	1,222	97.7%	43,020	41,869
Rental and hiring	-	-	-	-	-	-	-	8	8
Transfers and subsidies	32,989,219	2,709	1,511	32,993,439	32,560,141	433,298	98.7%	31,587,152	31,425,811
Provinces and municipalities	31,798,901	-	-	31,798,901	31,374,870	424,031	98.7%	30,491,439	30,333,953
Provinces	19,604,415	-	-	19,604,415	19,572,326	32,089	99.8%	19,045,302	18,990,031
Provincial Revenue Funds	19,604,415	-	-	19,604,415	19,572,326	32,089	99.8%	19,045,302	18,990,031
Municipalities	12,194,486	-	-	12,194,486	11,802,544	391,942	96.8%	11,446,137	11,343,922
Municipal bank accounts	12,194,486	-	-	12,194,486	11,802,544	391,942	96.8%	11,446,137	11,343,922
Departmental agencies and accounts	1,172,884	-	-	1,172,884	1,172,884	-	100.0%	1,079,034	1,079,034
Departmental agencies and accounts	1,172,884	-	-	1,172,884	1,172,884	-	100.0%	1,079,034	1,079,034
Higher education institutions	3,500	(3,500)	-	-	-	-	-	3,500	-
Foreign governments and international organisations	3,085	-	-	3,085	3,031	54	98.2%	4,246	4,245
Households	10,849	6,209	1,511	18,569	9,356	9,213	50.4%	8,933	8,579
Social benefits	3,375	2,219	1,511	7,105	7,045	60	99.2%	2,011	1,819
Other transfers to households	7,474	3,990	-	11,464	2,311	9,153	20.2%	6,922	6,760

Appropriation per economic classification

Economic classification	2019/20							2018/19	
	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	9,865	74	-	9,939	5,871	4,068	59.1%	17,050	9,758
Machinery and equipment	9,865	54	-	9,919	5,871	4,048	59.2%	17,013	9,722
Transport equipment	-	29	-	29	29	-	100.0%	7,668	3,073
Other machinery and equipment	9,865	25	-	9,890	5,842	4,048	59.1%	9,345	6,649
Intangible assets	-	20	-	20	-	20	-	37	36
Payments for financial assets	50,234	1	-	50,235	50,164	71	99.9%	80,659	80,646
Total	33,861,914	-	-	33,861,914	33,345,553	516,361	98.5%	32,455,843	32,195,384

Programme 1: Administration	2019/20							2018/19	
	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	60,691	12,996	-	73,687	69,668	4,019	94.5%	80,669	70,036
2. Departmental Management	87,943	(23,525)	(1,500)	62,918	56,070	6,848	89.1%	69,427	62,411
3. Corporate Services	207,707	1,058	1,500	210,265	193,709	16,556	92.1%	190,383	171,632
4. Property Management	43,332	10,136	-	53,468	53,462	6	100.0%	51,097	50,577
5. Financial Management	64,994	(665)	-	64,329	53,249	11,080	82.8%	56,612	56,223
Total for sub programmes	464,667	-	-	464,667	426,158	38,509	91.7%	448,188	410,879
Economic classification									
Current payments	454,045	(1,924)	(1,511)	450,610	414,634	35,976	92.0%	436,699	401,494
Compensation of employees	236,609	(2)	(1,511)	235,096	213,421	21,675	90.8%	223,779	204,056
Salaries and wages	198,847	6,185	(1,111)	203,921	189,458	14,463	92.9%	192,281	181,910
Social contributions	37,762	(6,187)	(400)	31,175	23,963	7,212	76.9%	31,498	22,146
Goods and services	217,436	(1,922)	-	215,514	201,213	14,301	93.4%	212,920	197,438
Administrative fees	327	(66)	-	261	241	20	92.3%	180	178
Advertising	19,292	(13,246)	-	6,046	4,766	1,280	78.8%	17,027	16,459
Minor assets	3,588	(2,502)	-	1,086	307	779	28.3%	879	570
Audit costs: External	9,658	-	-	9,658	7,210	2,448	74.7%	10,793	10,792
Bursaries: Employees	2,150	(950)	-	1,200	1,190	10	99.2%	1,131	1,113
Catering: Departmental activities	4,416	3,901	-	8,317	8,003	314	96.2%	3,755	3,358
Communication	7,203	15	-	7,218	6,834	384	94.7%	7,587	6,536
Computer services	33,912	5,946	-	39,858	38,643	1,215	97.0%	22,388	17,434
Consultants: Business and advisory services	24,993	(20,631)	(1,500)	2,862	1,751	1,111	61.2%	9,384	9,177
Legal services	2,658	131	1,500	4,289	4,269	20	99.5%	4,378	4,320

Programme 1: Administration	2019/20							2018/19	
	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
Contractors	3,995	3,058	-	7,053	6,626	427	93.9%	4,567	4,038
Agency and support / outsourced services	-	-	-	-	-	-	-	198	-
Entertainment	395	(190)	-	205	82	123	40.0%	309	83
Fleet services	1,789	(112)	-	1,677	1,436	241	85.6%	1,594	1,119
Consumable supplies	2,063	(123)	-	1,940	1,431	509	73.8%	1,448	991
Consumable: Stationery, printing and office supplies	8,352	(4,938)	-	3,414	2,396	1,018	70.2%	3,524	2,376
Operating leases	30,300	13,501	-	43,801	43,800	1	100.0%	41,840	41,723
Property payments	16,557	(3,306)	-	13,251	13,166	85	99.4%	12,914	12,203
Travel and subsistence	28,116	11,989	-	40,105	37,413	2,692	93.3%	42,534	40,428
Training and development	5,204	(2,803)	-	2,401	2,151	250	89.6%	2,687	2,365
Operating payments	6,513	(3,425)	-	3,088	1,950	1,138	63.1%	4,354	3,479
Venues and facilities	5,955	11,829	-	17,784	17,548	236	98.7%	19,441	18,688
Rental and hiring	-	-	-	-	-	-	-	8	8
Transfers and subsidies	3,355	1,890	1,511	6,756	6,718	38	99.4%	602	449
Households	3,355	1,890	1,511	6,756	6,718	38	99.4%	602	449
Social benefits	3,355	1,881	1,511	6,747	6,709	38	99.4%	572	449
Other transfers to households	-	9	-	9	9	-	100.0%	30	-
Payments for capital assets	7,174	20	-	7,194	4,712	2,482	65.5%	10,529	8,585
Machinery and equipment	7,174	-	-	7,174	4,712	2,462	65.7%	10,492	8,549
Transport equipment	-	29	-	29	29	-	100.0%	7,668	3,073
Other machinery and equipment	7,174	(29)	-	7,145	4,683	2,462	65.5%	2,824	5,476
Software and other Intangible assets	-	20	-	20	-	20	-	37	36
Payments for financial assets	93	14	-	107	94	13	87.9%	358	351
Total	464,667	-	-	464,667	426,158	38,509	91.7%	448,188	410,879

1.1 Ministry	2019/20							2018/19	
	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	56,353	11,610	(1,511)	66,452	63,406	3,046	95.4%	76,491	66,002
Compensation of employees	29,907	3,718	(1,511)	32,114	30,990	1,124	96.5%	31,809	23,190
Goods and services	26,446	7,892	-	34,338	32,416	1,922	94.4%	44,682	42,812
Transfers and subsidies	3,046	1,243	1,511	5,800	5,777	23	99.6%	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Households	3,046	1,243	1,511	5,800	5,777	23	99.6%	-	-
Payments for capital assets	1,235	129	-	1,364	415	949	30.4%	3,887	3,748
Machinery and equipment	1,235	109	-	1,344	415	929	30.9%	3,887	3,748
Software and other Intangible assets	-	20	-	20	-	20	-	-	-
Payments for financial assets	57	14	-	71	70	1	98.6%	291	286
Total	60,691	12,996	-	73,687	69,668	4,019	94.5%	80,669	70,036

1.2 Departmental Management	2019/20							2018/19	
	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	86,502	(23,348)	(1,500)	61,654	55,197	6,457	89.5%	67,835	61,434
Compensation of employees	49,315	(2,620)	-	46,695	44,070	2,625	94.4%	48,865	45,496
Goods and services	37,187	(20,728)	(1,500)	14,959	11,127	3,832	74.4%	18,970	15,938
Transfers and subsidies	23	30	-	53	52	1	98.1%	92	90
Households	23	30	-	53	52	1	98.1%	92	90
Payments for capital assets	1,403	(207)	-	1,196	807	389	67.5%	1,465	853
Machinery and equipment	1,403	(207)	-	1,196	807	389	67.5%	1,465	853
Payments for financial assets	15	-	-	15	14	1	93.3%	35	34
Total	87,943	(23,525)	(1,500)	62,918	56,070	6,848	89.1%	69,427	62,411

1.3 Corporate Services	2019/20							2018/19	
	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	203,280	1,180	1,500	205,960	190,214	15,746	92.4%	185,229	167,748
Compensation of employees	111,883	(1,100)	-	110,783	98,909	11,874	89.3%	105,044	97,315
Goods and services	91,397	2,280	1,500	95,177	91,305	3,872	95.9%	80,185	70,433
Transfers and subsidies	275	33	-	308	306	2	99.4%	493	343
Households	275	33	-	308	306	2	99.4%	493	343
Payments for capital assets	4,131	(155)	-	3,976	3,179	797	80.0%	4,632	3,512
Machinery and equipment	4,131	(155)	-	3,976	3,179	797	80.0%	4,596	3,476
Software and other Intangible assets	-	-	-	-	-	-	-	37	36
Payments for financial assets	21	-	-	21	10	11	47.6%	29	29
Total	207,707	1,058	1,500	210,265	193,709	16,556	92.1%	190,383	171,632

1.4 Property Management	2019/20							2018/19	
	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	43,332	10,136	-	53,468	53,462	6	100.0%	51,097	50,577
Goods and services	43,332	10,136	-	53,468	53,462	6	100.0%	51,097	50,577
Total	43,332	10,136	-	53,468	53,462	6	100.0%	51,097	50,577

1.5 Financial Management	2019/20							2018/19	
	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	64,578	(1,502)	-	63,076	52,355	10,721	83.0%	56,047	55,733
Compensation of employees	45,504	-	-	45,504	39,452	6,052	86,7%	38,061	38,055
Goods and services	19,074	(1,502)	-	17,572	12,903	4,669	73.4%	17,986	17,678
Transfers and subsidies	11	584	-	595	583	12	98.0%	17	16
Households	11	584	-	595	583	12	98.0%	17	16
Payments for capital assets	405	253	-	658	311	347	47.3%	545	472
Machinery and equipment	405	253	-	658	311	347	47.3%	545	472
Payments for financial assets	-	-	-	-	-	-	-	3	2
Total	64,994	(665)	-	64,329	53,249	11,080	82.8%	56,612	56,223

Programme 2: Human Settlements Policy, Strategy and Planning	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Management for Policy, Strategy and Planning	8,407	(909)	-	7,498	5,970	1,528	79.6%	8,114	6,866
2. Human Settlements Policy Frameworks	38,686	1,588	-	40,274	37,537	2,737	93.2%	33,149	30,782
3. Human Settlements Strategy and Planning	57,564	(679)	-	56,885	51,107	5,778	89.8%	55,878	52,458
Total for sub programmes	104,657	-	-	104,657	94,614	10,043	90.4%	97,141	90,106
Economic classification									
Current payments	100,476	(148)	-	100,328	90,949	9,379	90.7%	91,417	85,230
Compensation of employees	69,198	-	-	69,198	61,742	7,456	89.2%	61,526	59,634
Salaries and wages	60,653	410	-	61,063	55,734	5,329	91.3%	55,088	53,883
Social contributions	8,545	(410)	-	8,135	6,008	2,127	73.9%	6,438	5,751
Goods and services	31,278	(148)	-	31,130	29,207	1,923	93.8%	29,891	25,596
Advertising	197	(26)	-	171	167	4	97.7%	671	659
Minor assets	1,030	(995)	-	35	15	20	42.9%	664	36
Catering: Departmental activities	1,429	504	-	1,933	1,893	40	97.9%	1,024	824
Communication	1,538	(86)	-	1,452	1,438	14	99.0%	1,862	1,750
Consultants: Business and advisory services	8,967	(3,869)	-	5,098	4,809	289	94.3%	1,436	781
Contractors	210	939	-	1,149	1,130	19	98.3%	1,945	1,799
Entertainment	70	(14)	-	56	28	28	50.0%	38	23
Consumable supplies	795	(641)	-	154	87	67	56.5%	1,021	869
Consumable: Stationery, printing and office supplies	886	(568)	-	318	205	113	64.5%	653	364
Travel and subsistence	11,066	3,780	-	14,846	13,579	1,267	91.5%	13,714	12,083
Operating payments	1,167	(447)	-	720	669	51	92.9%	1,815	1,502
Venues and facilities	3,923	1,275	-	5,198	5,187	11	99.8%	5,048	4,906

Programme 2: Human Settlements Policy, Strategy and Planning	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	3,085	148	-	3,233	3,178	55	98.3%	4,442	4,414
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	3,085	-	-	3,085	3,031	54	98.2%	4,246	4,245
Households	-	148	-	148	147	1	99.3%	196	169
Social benefits	-	148	-	148	147	1	99.3%	196	169
Payments for capital assets	1,089	-	-	1,089	480	609	44.1%	1,238	420
Machinery and equipment	1,089	-	-	1,089	480	609	44.1%	1,238	420
Other machinery and equipment	1,089	-	-	1,089	480	609	44.1%	1,238	420
Payments for financial assets	7	-	-	7	7	-	100.0%	44	42
Total	104,657	-	-	104,657	94,614	10,043	90.4%	97,141	90,106

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
2.1 Management for Policy, Strategy and planning									
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8,285	(891)	-	7,394	5,886	1,508	79.6%	7,899	6,804
Compensation of employees	5,671	-	-	5,671	4,900	771	86.4%	5,520	5,464
Goods and services	2,614	(891)	-	1,723	986	737	57.2%	2,379	1,340
Payments for capital assets	122	(18)	-	104	84	20	80.8%	215	62
Machinery and equipment	122	(18)	-	104	84	20	80.8%	215	62
Total	8,407	(909)	-	7,498	5,970	1,528	79.6%	8,114	6,866
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
2.2 Human Settlements Policy Frameworks									
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	38,329	1,552	-	39,881	37,272	2,609	93.5%	32,875	30,664
Compensation of employees	26,567	-	-	26,567	24,530	2,037	92.3%	23,291	21,759
Goods and services	11,762	1,552	-	13,314	12,742	572	95.7%	9,584	8,905
Transfers and subsidies	-	148	-	148	147	1	99.3%	1	1
Households	-	148	-	148	147	1	99.3%	1	1
Payments for capital assets	354	(112)	-	242	115	127	47.5%	253	98
Machinery and equipment	354	(112)	-	242	115	127	47.5%	253	98
Payments for financial assets	3	-	-	3	3	-	100.0%	20	19
Total	38,686	1,588	-	40,274	37,537	2,737	93.2%	33,149	30,782

2.3 Human Settlements Policy Frameworks	2019/20							2018/19	
	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	53,862	(809)	-	53,053	47,791	5,262	90.1%	50,643	47,762
Compensation of employees	36,960	-	-	36,960	32,312	4,648	87.4%	32,715	32,411
Goods and services	16,902	(809)	-	16,093	15,479	614	96.2%	17,928	15,351
Transfers and subsidies	3,085	-	-	3,085	3,031	54	98.2%	4,441	4,413
Foreign governments and international organisations	3,085	-	-	3,085	3,031	54	98.2%	4,246	4,245
Households	-	-	-	-	-	-	-	195	168
Payments for capital assets	613	130	-	743	281	462	37.8%	770	260
Machinery and equipment	613	130	-	743	281	462	37.8%	770	260
Payments for financial assets	4	-	-	4	4	-	100.0%	24	23
Total	57,564	(679)	-	56,885	51,107	5,778	89.8%	55,878	52,458

Programme 3: Human Settlements Delivery Support	2019/20							2018/19	
	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	9,229	-	-	9,229	6,968	2,261	75.5%	10,510	8,346
2. Programme Management Unit	184,624	-	-	184,624	165,376	19,248	89.6%	168,026	125,387
3. Chief of Operations	47,641	-	-	47,641	30,833	16,808	64.7%	52,971	40,799
Total for sub programmes	241,494	-	-	241,494	203,177	38,317	84.1%	231,507	174,532

Economic classification

Current payments

	228,871	(712)	-	228,159	200,000	28,159	87.7%	214,584	165,621
Compensation of employees	75,152	-	-	75,152	61,721	13,431	82.1%	71,950	61,759
Salaries and wages	62,701	987	-	63,688	55,395	8,293	87.0%	61,557	55,457
Social contributions	12,451	(987)	-	11,464	6,326	5,138	55.2%	10,393	6,302
Goods and services	153,719	(712)	-	153,007	138,279	14,728	90.4%	142,634	103,862
Administrative fees	70	-	-	70	44	26	62.9%	70	53
Advertising	192	(33)	-	159	86	73	54.1%	1,772	1,670
Minor assets	1,662	(475)	-	1,187	20	1,167	1.7%	540	67
Bursaries: Employees	100	(51)	-	49	49	-	100.0%	-	-
Catering: Departmental activities	1,560	8,261	-	9,821	8,872	949	90.3%	3,770	3,569
Communication	1,898	(36)	-	1,862	1,515	347	81.4%	2,019	1,621
Computer services	28,847	(9,247)	-	19,600	17,776	1,824	90.7%	18,640	13,678
Consultants: Business and advisory services	96,617	(31,300)	-	65,317	60,532	4,785	92.7%	74,866	46,857
Contractors	1,415	3,011	-	4,426	4,163	263	94.1%	3,431	3,300
Agency and support / outsourced services	-	-	-	-	-	-	-	58	-
Entertainment	209	(131)	-	78	18	60	23.1%	72	20
Consumable supplies	346	84	-	430	128	302	29.8%	264	33

Programme 3: Human Settlements Delivery Support	2019/20							2018/19	
	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: Stationery, printing and office supplies	2,206	(1,421)	-	785	274	511	34.9%	992	256
Travel and subsistence	13,991	5,238	-	19,229	15,986	3,243	83.1%	16,937	14,168
Training and development	-	-	-	-	-	-	-	120	120
Operating payments	2,002	(1,517)	-	485	172	313	35.5%	814	375
Venues and facilities	2,604	26,905	-	29,509	28,644	865	97.1%	18,269	18,075
Transfers and subsidies	10,994	671	-	11,665	2,491	9,174	21.4%	11,612	7,938
Higher education institutions	3,500	(3,500)	-	-	-	-	-	3,500	-
Households	7,494	4,171	-	11,665	2,491	9,174	21.4%	8,112	7,938
Social benefits	20	190	-	210	189	21	90.0%	1,220	1,178
Other transfers to households	7,474	3,981	-	11,455	2,302	9,153	20.1%	6,892	6,760
Payments for capital assets	1,495	54	-	1,549	623	926	40.2%	5,054	720
Machinery and equipment	1,495	54	-	1,549	623	926	40.2%	5,054	720
Other machinery and equipment	1,495	54	-	1,549	623	926	40.2%	5,054	720
Payments for financial assets	134	(13)	-	121	63	58	52.1%	257	253
Total	241,494	-	-	241,494	203,177	38,317	84.1%	231,507	174,532

3.1 Management for Human Settlements Delivery Support	2019/20							2018/19	
	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	9,102	(142)	-	8,960	6,750	2,210	75.3%	10,293	8,281
Compensation of employees	5,777	-	-	5,777	5,187	590	89.8%	7,260	6,540
Goods and services	3,325	(142)	-	3,183	1,563	1,620	49.1%	3,033	1,741
Transfers and subsidies	-	142	-	142	141	1	99.3%	-	-
Households	-	142	-	142	141	1	99.3%	-	-
Payments for capital assets	127	-	-	127	77	50	60.6%	217	65
Machinery and equipment	127	-	-	127	77	50	60.6%	217	65
Total	9,229	-	-	9,229	6,968	2,261	75.5%	10,510	8,346

3.2 Programme Management Unit	2019/20							2018/19	
	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	183,324	(516)	-	182,808	164,343	18,465	89.9%	162,297	123,702
Compensation of employees	44,188	-	-	44,188	35,821	8,367	81.1%	38,015	35,354
Goods and services	139,136	(516)	-	138,620	128,522	10,098	92.7%	124,282	88,348
Transfers and subsidies	-	529	-	529	529	-	100.0%	1,160	1,125
Households	-	529	-	529	529	-	100.0%	1,160	1,125
Payments for capital assets	1,176	-	-	1,176	444	732	37.8%	4,345	339
Machinery and equipment	1,176	-	-	1,176	444	732	37.8%	4,345	339
Payments for financial assets	124	(13)	-	111	60	51	54.1%	224	221
Total	184,624	-	-	184,624	165,376	19,248	89.6%	168,026	125,387

	2019/20							2018/19	
3.3 Chief of Operations	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	36,445	(54)	-	36,391	28,907	7,484	79.4%	41,994	33,638
Compensation of employees	25,187	-	-	25,187	20,713	4,474	82.2%	26,675	19,865
Goods and services	11,258	(54)	-	11,204	8,194	3,010	73.1%	15,319	13,773
Transfers and subsidies	10,994	-	-	10,994	1,821	9,173	16.6%	10,452	6,813
Higher education institutions	3,500	(3,500)	-	-	-	-	-	3,500	-
Households	7,494	3,500	-	10,994	1,821	9,173	16.6%	6,952	6,813
Payments for capital assets	192	54	-	246	102	144	41.5%	492	316
Machinery and equipment	192	54	-	246	102	144	41.5%	492	316
Payments for financial assets	10	-	-	10	3	7	30.0%	33	32
Total	47,641	-	-	47,641	30,833	16,808	64.7%	52,971	40,799

Programme 4: Housing Development Finance	2019/20							2018/19	
	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	4,590	-	-	4,590	2,265	2,325	49.3%	4,049	2,855
2. Chief Investment Officer	24,721	-	-	24,721	21,585	3,136	87.3%	24,485	24,025
3. Human Settlements Development Grant	18,779,815	-	-	18,779,815	18,779,815	-	100.0%	18,266,647	18,266,647
4. Contributions	1,222,884	-	-	1,222,884	1,222,884	-	100.0%	1,159,034	1,159,034
5. Urban Settlements Development Grant	12,045,386	-	-	12,045,386	11,655,112	390,274	96.8%	11,306,137	11,306,137
6. Title Deeds Restoration Grant	426,000	-	-	426,000	392,243	33,757	92.1%	400,000	242,514
7. Emergency Housing Grant	547,700	-	-	547,700	547,700	-	100.0%	518,655	518,655
Total for sub programmes	33,051,096	-	-	33,051,096	32,621,604	429,492	98.7%	31,679,007	31,519,867
Economic classification									
Current payments	29,204	-	-	29,204	23,794	5,410	81.5%	28,282	26,824
Compensation of employees	21,675	-	-	21,675	19,321	2,354	89.1%	19,690	19,577
Salaries and wages	18,091	-	-	18,091	17,247	844	95.3%	17,585	17,479
Social contributions	3,584	-	-	3,584	2,074	1,510	57.9%	2,105	2,098
Goods and services	7,529	-	-	7,529	4,473	3,056	59.4%	8,592	7,247
Advertising	52	100	-	152	-	152	-	-	-
Minor assets	274	(60)	-	214	-	214	-	47	-
Catering: Departmental activities	252	(114)	-	138	21	117	15.2%	91	25
Communication	431	28	-	459	354	105	77.1%	409	305
Consultants: Business and advisory services	1,384	(1,000)	-	384	200	184	52.1%	3,384	3,367

Programme 4: Housing Development Finance	2019/20							2018/19	
	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
Contractors	-	10	-	10	7	3	70.0%	95	94
Entertainment	54	(16)	-	38	7	31	18.4%	21	9
Consumable supplies	49	2	-	51	13	38	25.5%	47	7
Consumable: Stationery, printing and office supplies	1,063	(455)	-	608	65	543	10.7%	215	22
Travel and subsistence	2,655	115	-	2,770	1,237	1,533	44.7%	2,626	1,853
Operating payments	1,000	1,499	-	2,499	2,473	26	99.0%	1,395	1,365
Venues and facilities	315	(109)	-	206	96	110	46.6%	262	200
Transfers and subsidies	32,971,785	-	-	32,971,785	32,547,754	424,031	98.7%	31,570,496	31,413,010
Provinces and municipalities	31,798,901	-	-	31,798,901	31,374,870	424,031	98.7%	30,491,439	30,333,953
Provinces	19,604,415	-	-	19,604,415	19,572,326	32,089	99.8%	19,045,302	18,990,031
Provincial Revenue Funds	19,604,415	-	-	19,604,415	19,572,326	32,089	99.8%	19,045,302	18,990,031
Municipalities	12,194,486	-	-	12,194,486	11,802,544	391,942	96.8%	11,446,137	11,343,922
Municipal bank accounts	12,194,486	-	-	12,194,486	11,802,544	391,942	96.8%	11,446,137	11,343,922
Departmental agencies and accounts	1,172,884	-	-	1,172,884	1,172,884	-	100.0%	1,079,034	1,079,034
Departmental agencies	1,172,884	-	-	1,172,884	1,172,884	-	100.0%	1,079,034	1,079,034
Households	-	-	-	-	-	-	-	23	23
Social benefits	-	-	-	-	-	-	-	23	23
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	107	-	-	107	56	51	52.3%	229	33
Machinery and equipment	107	-	-	107	56	51	52.3%	229	33
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	107	-	-	107	56	51	52.3%	229	33
Payments for financial assets	50,000	-	-	50,000	50,000	-	100.0%	80,000	80,000
Total	33,051,096	-	-	33,051,096	32,621,604	429,492	98.7%	31,679,007	31,519,867

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
4.1 Management for Housing Development Finance									
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4,556	-	-	4,556	2,265	2,291	49.7%	3,937	2,832
Compensation of employees	2,718	-	-	2,718	2,005	713	73.8%	2,273	2,172
Goods and services	1,838	-	-	1,838	260	1,578	14.1%	1,664	660
Transfers and subsidies	-	-	-	-	-	-	-	23	23
Households	-	-	-	-	-	-	-	23	23
Payments for capital assets	34	-	-	34	-	34	-	89	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	34	-	-	34	-	34	-	89	-
Total	4,590	-	-	4,590	2,265	2,325	49.3%	4,049	2,855
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
4.2 Chief Investment Officer									
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	24,648	-	-	24,648	21,529	3,119	87.3%	24,345	23,992
Compensation of employees	18,957	-	-	18,957	17,316	1,641	91.3%	17,417	17,405
Goods and services	5,691	-	-	5,691	4,213	1,478	74.0%	6,928	6,587
Payments for capital assets	73	-	-	73	56	17	76.7%	140	33
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	73	-	-	73	56	17	76.7%	140	33
Total	24,721	-	-	24,721	21,585	3,136	87.3%	24,485	24,025

4.3 Human Settlements Development Grant	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	18,779,815	-	-	18,779,815	18,779,815	-	100.0%	18,266,647	18,266,647
Provinces and municipalities	18,779,815	-	-	18,779,815	18,779,815	-	100.0%	18,266,647	18,266,647
Total	18,779,815	-	-	18,779,815	18,779,815	-	100.0%	18,266,647	18,266,647

4.4 Contributions	2019/20							2018/19	
	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	1,172,884	-	-	1,172,884	1,172,884	-	100.0%	1,079,034	1,079,034
Departmental agencies and accounts	1,172,884	-	-	1,172,884	1,172,884	-	100.0%	1,079,034	1,079,034
Payments for capital assets	50,000	-	-	50,000	50,000	-	100.0%	80,000	80,000
Total	1,222,884	-	-	1,222,884	1,222,884	-	100.0%	1,159,034	1,159,034

4.5 Urban Settlements Development Grant	2019/20							2018/19	
	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	12,045,386	-	-	12,045,386	11,655,112	390,274	96.8%	11,306,137	11,306,137
Provinces and municipalities	12,045,386	-	-	12,045,386	11,655,112	390,274	96.8%	11,306,137	11,306,137
Total	12,045,386	-	-	12,045,386	11,655,112	390,274	96.8%	11,306,137	11,306,137

4.6 Title Deeds Restoration Grant	2019/20							2018/19	
	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	426,000	-	-	426,000	392,243	33,757	92.1%	400,000	242,514
Provinces and municipalities	426,000	-	-	426,000	392,243	33,757	92.1%	400,000	242,514
Total	426,000	-	-	426,000	392,243	33,757	92.1%	400,000	242,514

4.7 Emergency Housing Grant	2019/20							2018/19	
	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	547,700	-	-	547,700	547,700	-	100.0%	518,655	518,655
Provinces and municipalities	547,700	-	-	547,700	547,700	-	100.0%	518,655	518,655
Total	547,700	-	-	547,700	547,700	-	100.0%	518,655	518,655

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

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

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

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

3. Detail on payments for financial assets:

Detail of these transactions per programme can be viewed in note 8 (Payments for financial assets) to the Annual Financial Statements.

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

4.1 Per programme

Administration	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Variance as % of Final Appropriation
Current Payment	450,610	414,641	35,969	8%
Transfers and subsidies	6,756	6,718	38	1%
Expenditure for capital assets	7,194	4,699	2,495	35%
Financial assets	107	94	13	12%

Current Payments

Compensation of employees: Vacant positions could not be filled on time before the end of the financial year. This was due to delays in the recruitment process coupled with the fact that the department was reviewing its organisational structure. Caution had to be exercised in filling vacant positions as there was no certainty as to whether the existing vacant positions will still be on the new structure. The introduction by the National Treasury of a new budget structure also delayed the completion of the department's organisational structure.

On goods and Services under spending was mainly due to: Delayed appointments of panels of service providers to assist the department's Internal Audit, Risk Management and Special Investigations. Positions were not filled immediately when they became vacant as a result the advertising budget was underspent.

Transfer and subsidies

The underspending on transfer and subsidies is due to over estimation of cost associated with the payment of leave gratuities at retirement.

Expenditure for capital assets

Underspending is attributed to the delayed replacement of computers and laptops as part of the implementation of Virtual Private Network. Suppliers were unable to deliver due to lockdowns in various countries overseas.

Human Settlements Policy, Strategy and Planning	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Variance as % of Final Appropriation
Current Payment	100,328	90,949	9,379	9%
Transfers and subsidies	3,233	3,178	55	2%
Expenditure for capital assets	1,089	480	609	56%
Financial assets	7	7	-	0%

Current Payments

Compensation of employees: Vacant positions could not be filled on time before the end of the financial year. This was due to delays in the recruitment process coupled with the fact that the department was reviewing its organisational structure. Caution had to be exercised in filling vacant positions as there was no certainty as to whether the existing vacant positions will still be on the new structure. The introduction by the National Treasury of a new budget structure also delayed the completion of the department's organisational structure.

On goods and Services underspending was mainly due to:

- The Department undertook a comprehensive review of the sector performance against the previous MTSF and developed a new MTSF using internal resources and not external resources as originally planned. This resulted in a saving.
- Delay in the procurement of the satellite imaginary and related services for planning and monitoring from the South African National Space Agency.

Expenditure for capital assets

Underspending is attributed to the delayed replacement of computers and laptops as part of the implementation of Virtual Private Network. Suppliers were unable to deliver due to lockdown in various countries overseas.

Human Settlements Delivery Support	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Variance as % of Final Appropriation
Current Payment	228,159	199,999	28,160	12%
Transfers and subsidies	11,665	2,491	9,174	79%
Expenditure for capital assets	1,549	623	926	60%
Financial assets	121	63	58	12%
Current Payments The underspending on current payments is attributed to: • Compensation of employees: Vacant positions could not be filled on time before the end of the financial year. This was due to delays in the recruitment process coupled with the fact that the department was reviewing its organisational structure. Caution had to be exercised in filling vacant positions as there was no certainty as to whether the existing vacant positions will still be on the new structure. The introduction by the National Treasury of a new budget structure also delayed the completion of the department's organisational structure. Goods and Services underspending can mainly be attributed to: • National upgrading support programme underspent due the late commencement of the procurement process to secure the services of a panel of Professional Resource Teams (PRTs) • Housing Subsidy System budget was underspent due to SITA not providing the required services as per the service level agreement on the Housing subsidy system thus resulting in underspending.				
Transfer and subsidies The underspending on transfers and subsidies is due to the non-transfer of funds to the Mangosuthu University of Technology for the Human Settlements Research Chair as well as the Departments scholarship programme for non-employees which is being phased out.				
Expenditure for capital assets Underspending is attributed to the delayed replacement of computers and laptops as part of the implementation of Virtual Private Network as suppliers were unable to deliver due to lockdown in various countries overseas.				

Housing Development Finance	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Variance as % of Final Appropriation
Current Payment	29,204	23,794	5,410	19%
Transfers and subsidies	32,971,785	32,547,754	424,031	1%
Expenditure for capital assets	107	56	51	48%
Financial assets	50,000	50,000	-	0%
Current Payments The underspending on current payments is attributed to: The under spending is due to the non-filling of vacancies, reduction in traveling and subsistence and the delayed appointment of members in the office of disclosure.				
Transfer and subsidies Underspending on the transfers and subsidies is due to: • Non-transfer of R390.2 million of the Urban Settlements Development Grant due to lack of performance by Nelson Mandel Bay Metro. • The partial transfer of the Provincial and Municipal Emergency Housing Grants. The Emergency Housing Grants are intended provide temporary shelter assistance to households affected by disasters. These grants are transferred on approval of an application by a province or a municipality. Where no application is received no funding is transferred.				
Expenditure for capital assets Underspending is attributed to the delayed replacement of computers and laptops as part of the implementation of Virtual Private Network as suppliers were unable to deliver due to lockdown in various countries overseas.				

4.2 Per economic classification	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Variance as % of Final Appropriation
Current Payment				
Compensation of employees	401,121	356,202	44,919	11%
Goods and services	407,180	373,181	33,999	8%
Interest and rent on land	-	-	-	-

Transfers and subsidies				
Provinces and municipalities	31,798,901	31,374,870	424,031	1%
Departmental agencies and accounts	1,172,884	1,172,884	-	0%
Higher education institutions	-	-	-	0%
Public corporations and private enterprises	-	-	-	0%
Foreign governments and international organisations	3,085	3,031	54	2%
Non-profit institutions	-	-	-	0%
Households	18,569	9,356	9,213	50%

Payments for capital assets				
Buildings and other fixed structures	-	-	-	0%
Machinery and equipment	9,919	5,858	4,061	41%
Heritage assets	-	-	-	0%
Specialised military assets	-	-	-	0%
Biological assets	-	-	-	0%
Land and subsoil assets	-	-	-	0%
Intangible assets	20	-	20	100%
Payments for financial assets	50,235	50,164	71	0%

Current Payments

The underspending on current payments is attributed to:

- Vacant positions could not be filled on time before the end of the financial year. Funding shortages over the MTEF coupled with the fact that the compensation of employee's budget was exclusively appropriated limited the number of prioritised positions that could be filled.
- Delays in the appointment of service providers to augment capacity for the Internal Audit, Risk Management and Investigations Unit.
- The Department undertook a comprehensive review of the sector performance against the previous MTSF and developed a new MTSF using internal resources and not external resources as originally planned.
- Delay in the procurement of the satellite imaginary and related services for planning and monitoring from the South African National Space Agency.
- National upgrading support programme underspent due the late commencement of the procurement process to secure the services of a panel of Professional Resource Teams (PRTs)
- Housing Subsidy System budget was underspent due to SITA not providing the required services as per the service level agreement on the Housing subsidy system thus resulting in underspending.
- The delayed appointment of members in the office of disclosure.

Transfer and subsidies

The underspending on transfer and subsidies is due to the:

- Over estimation of cost associated with the payment of leave gratuities at retirement.
- Non-transfer to the Mangosuthu University of Technology for a research chair in human settlements.
- The Departments scholarship programme for non-employees under perform
- Non-transfer of R390.2 million of the Urban Settlements Development Grant due to lack of performance by Metros.
- Non-transfer of R32 million of the Emergency Housing Grant to Provinces.
- Non-transfer of R1.6 million of the Emergency Housing Grant to Municipalities.

Expenditure for capital assets

Underspending is attributed to the delayed replacement of computers and laptops as part of the implementation of Virtual Private Network as suppliers were unable to deliver due to lockdown in various countries overseas.

4.3 Per conditional grant	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Variance as % of Final Appropriation
Human Settlements Development Grant	18,779,815	18,779,815	-	0%
Urban Settlements Development Grant	12,045,386	11,655,112	390,274	3%
Emergency Housing Grant	426,000	392,243	33,757	8%
Title Deeds Restoration Grant	545,700	547,700	(2,000)	0%

Current Payments

Compensation of employees:

- Vacant positions could not be filled on time before the end of the financial year. This was due to delays in the recruitment process coupled with the fact that the department was reviewing its organisational structure. Caution had to be exercised in filling vacant positions as there was no certainty as to whether the existing vacant positions will still be on the new structure. The introduction by the National Treasury of a new budget structure also delayed the completion of the department's organisational structure.
- On goods and Services underspending was mainly due to:
 - Delayed appointments of panels of service providers to assist the department's Internal Audit, Risk Management and Special Investigations.
 - Positions were not filled immediately when they became vacant as a result the advertising budget was underspent.
 - The Department undertook a comprehensive review of the sector performance against the previous MTSF and developed a new MTSF using internal resources and not external resources as originally planned. This resulted in a saving.
 - Delay in the procurement of the satellite imaginary and related services for planning and monitoring from the South African National Space Agency.
 - National upgrading support programme underspent due the late commencement of the procurement process to secure the services of a panel of Professional Resource Teams (PRTs)
 - Housing Subsidy System budget was underspent due to SITA not providing the required services as per the service level agreement on the Housing subsidy system thus resulting in underspending, and
 - A reduction in traveling and subsistence and the delayed appointment of members in the office of disclosure.

Transfer and subsidies

The underspending on transfers and subsidies is due to:

- Non-transfer of funds to the Mangosuthu University of Technology for the Human Settlements Research Chair as well as the Departments scholarship programme for non-employees which is being phased out.
- Non-transfer of R390.2 million of the Urban Settlements Development Grant due to lack of performance by Nelson Mandel Bay Metro.
- The partial transfer of the Provincial and Municipal Emergency Housing Grants. The Emergency Housing Grants are intended provide temporary shelter assistance to households affected by disasters. These grants are transferred on approval of an application by a province or a municipality. Where no application is received no funding is transferred.

Expenditure for capital assets

Underspending is attributed to the delayed replacement of computers and laptops as part of the implementation of Virtual Private Network as suppliers were unable to deliver due to lockdown in various countries overseas.

	<i>Note</i>	2019/20 R'000	2018/19 R'000
REVENUE			
Annual appropriation	<u>1</u>	33,861,914	32,455,843
Departmental revenue	<u>2</u>	860	1,564
Aid assistance	<u>3</u> <u>ANNX</u> <u>11</u>	1,922	1,489
TOTAL REVENUE		33,864,696	32,458,896
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	356,205	345,026
Goods and services	<u>5</u>	373,170	334,143
Aid assistance	<u>3.3</u>	983	859
Total current expenditure		730,358	680,028
Transfers and subsidies			
Transfers and subsidies	<u>7</u>	32,560,142	31,425,811
Total transfers and subsidies		32,560,142	31,425,811
Expenditure for capital assets			
Tangible assets	<u>8</u>	5,872	9,722
Intangible assets		-	36
Total expenditure for capital assets		5,872	9,758
Payments for financial assets	<u>6</u>	50,164	80,646
TOTAL EXPENDITURE		33,346,536	32,196,243

	<i>Note</i>	2019/20 R'000	2018/19 R'000
SURPLUS/(DEFICIT) FOR THE YEAR		518,160	262,653
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		516,361	260,459
Annual appropriation		516,440	260,459
Departmental revenue and NRF Receipts	<u>14</u>	860	1,564
Aid assistance	<u>3.3</u>	939	630
SURPLUS/(DEFICIT) FOR THE YEAR		518,160	262,653

	<i>Note</i>	2019/20 R'000	2018/19 R'000
ASSETS			
Current assets		634,392	259,875
Cash and cash equivalents	<u>9</u>	633,158	257,531
Prepayments and advances	<u>10</u>	543	400
Receivables	<u>11</u>	691	1,944
Non-current assets		2,366,220	2,316,283
Investments	<u>12</u>	2,364,239	2,314,239
Receivables	<u>11</u>	1,981	2,044
TOTAL ASSETS		3,000,612	2,576,158
LIABILITIES			
Current liabilities		636,264	261,808
Voted funds to be surrendered to the Revenue Fund	<u>13</u>	516,361	260,459
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>14</u>	58	387
Payables	<u>15</u>	118,276	332
Aid assistance unutilised	<u>ANNX 11</u>	1,569	630
TOTAL LIABILITIES		636,264	261,808
NET ASSETS		2,364,348	2,314,350

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Represented by:			
Capitalisation reserve		2,364,239	2,314,239
Recoverable revenue		109	111
TOTAL		2,364,348	2,314,350

	<u>Note</u>	2019/20 R'000	2018/19 R'000
Capitalisation Reserves			
Opening balance		2,314,239	2,234,239
Transfers:			
Movement in Equity		50,000	80,000
Other movements			
Closing balance		<u>2,364,239</u>	<u>2,314,239</u>
Recoverable revenue			
Opening balance		111	94
Transfers:		(2)	17
Irrecoverable amounts written off	<u>6.2</u>	(1)	-
Debts recovered (included in departmental receipts)		(44)	17
Debts raised		<u>43</u>	<u>-</u>
Closing balance		<u>109</u>	<u>111</u>
TOTAL		<u>2,364,348</u>	<u>2,314,350</u>

	<u>Note</u>	2019/20 R'000	2018/19 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		33,864,516	32,458,722
Annual appropriated funds received	<u>1.1</u>	33,861,914	32,455,843
Departmental revenue received	<u>2.1.2.4</u>	544	738
Interest received	<u>2.2</u>	136	652
Aid assistance received	<u>ANNX</u> <u>11</u>	1,922	1,489
Net (increase)/decrease in working capital		119,054	6,154
Surrendered to Revenue Fund		(261,648)	(108,606)
Surrendered to RDP Fund/Donor		-	(230)
Current payments		(730,358)	(680,028)
Payments for financial assets		(50,164)	(80,646)
Transfers and subsidies paid		(32,560,142)	(31,425,811)
Net cash flow available from operating activities	<u>16</u>	381,258	169,555
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>8</u>	(5,872)	(9,758)
Proceeds from sale of capital assets	<u>2.3</u>	180	174
(Increase)/decrease in investments		(50,000)	(80,000)
(Increase)/decrease in non-current receivables	<u>11</u>	63	-
Net cash flows from investing activities		(55,629)	(89,584)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		49,998	80,017
Net cash flows from financing activities		49,998	80,017
Net increase/(decrease) in cash and cash equivalents		375,627	159,988
Cash and cash equivalents at beginning of period		257,531	97,543
Cash and cash equivalents at end of period		633,158	257,531

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. To counter the negative socio-economic impact and consequences of COVID19, the President announced a R500 billion fiscal support and stimulus package that includes the provision of social relief to households, individual households, and economic stimulatory measures. Based on an analysis by National Treasury, an amount of R130 billion was required to be reprioritised in the 2020/21 baseline, to fund the R500 billion social relief and economic stimulation package. The resultant reprioritisation requires that a National Special Adjustment Budget for the 2020/21 MTEF, be prepared and tabled to Cabinet, and then referral for consideration and approval by Parliament. The Department budget allocation has been affected by the adjustment, and thus the 2020/21 financial year budget allocation has been adjusted downwards by R2.3 billion from R31.3 billion to R29 billion. Despite the budget reductions the department finances remains sound and stable. The Department is able to financially carry out and maintain its normal operations. There were no significant adjustments to the targets in the approved Strategic and Annual Performance Plan for 2020/21, as a result of the budget reductions as well as the advent of COVID-19.
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 of 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.
7.3	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; 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: • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9	Aid Assistance
9.1	Aid assistance received Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.
9.2	Aid assistance paid Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.
10	Cash and cash equivalents Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.
11	Prepayments and advances Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.
12	Loans and receivables Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
13	Investments Investments are recognised in the statement of financial position at cost.
14	Financial assets
14.1	Financial assets (not covered elsewhere) A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
14.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
15	Payables Payables recognised in the statement of financial position are recognised at cost.

16	Capital Assets
16.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
16.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
16.3	Intangible assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
16.4	Project Costs: Work-in-progress Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

17	Provisions and Contingents
17.1	Provisions Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
17.2	Contingent liabilities Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured reliably.
17.3	Contingent assets Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.
17.4	Capital commitments Capital commitments are recorded at cost in the notes to the financial statements.
18	Unauthorised expenditure Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either: • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.
19	Fruitless and wasteful expenditure Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off. 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, not condoned and removed or written-off. 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 estimates and errors Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
22	Events after the reporting date Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23	Principal-Agent arrangements All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.
24	Departures from the MCS requirements The Department did not deviate from the modify cash statement requirements
25	Capitalisation reserve The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed 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 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. The number of individuals and the full compensation of key management personnel are 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 Public-Private Partnerships (PPP) 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. A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof, together with the description and nature of the concession fees received, the unitary fees paid, and rights and obligations of the Department, are recorded in the notes to the financial statements. Additional disclosure have been provided in notes to the financial statements where appropriate.
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.
31	Transfers of functions Transfers of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer. Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.
32	Mergers Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger. Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.

1. Annual Appropriation	Final Appropriation	2019/2020 Actual Funds Received	Funds not Requested/ not Received	Final Appropriation	2018/2019 Appropriation Received Funds	Funds not Requested /not Received
	R'000	R'000	R'000	R'000	R'000	
Administration	464,667	464,667	-	442,650	442,650	-
Human Settlements Policy, Strategy and Planning	104,657	104,657	-	89,781	89,781	-
Human Settlements Delivery Support	241,494	241,494	-	246,005	246,005	-
Housing Development Finance	33,051,096	33,051,096	-	31,677,407	31,677,407	-
Total	33,861,914	33,861,914	-	32,455,843	32,455,843	-

2. Departmental revenue	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
Sales of goods and services other than capital assets	<u>2.1</u>	204	206
Interest, dividends and rent on land	<u>2.2</u>	136	652
Sales of capital assets	<u>2.3</u>	180	174
Transactions in financial assets and liabilities	<u>2.4</u>	340	532
Total revenue collected		860	1,564
Departmental revenue collected		860	1,564

2.1 Sales of goods and services other than capital assets	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
Sales of goods and services produced by the Department	<u>2</u>	201	203
Sales by market establishment		60	63
Other sales		141	140
Sales of scrap, waste and other used current goods		3	3
Total		204	206

2.2 Interest	<u>Note</u> <u>2</u>	2019/2020 R'000	2018/2019 R'000
Interest		136	652
Total		136	652
2.3 Sale of capital assets	<u>Note</u> <u>2</u>	2019/2020 R'000	2018/2019 R'000
Tangible assets		180	174
Machinery and equipment	<u>28</u>	180	174
Total		180	174
2.4 Transactions in financial assets and liabilities	<u>Note</u> <u>2</u>	2019/2020 R'000	2018/2019 R'000
Other receipts including recoverable revenue		340	532
Total		340	532
3. Aid assistance	<u>Note</u> <u>3</u>	2019/2020 R'000	2018/2019 R'000
Opening balance		630	230
As restated		630	230
Transferred from statement of financial performance		939	630
Paid during the year		-	(230)
Closing balance		1,569	630

3.1 Analysis of balance by source	<u>Note</u> <u>3</u>	2019/2020 R'000	2018/2019 R'000
Aid assistance from other sources		1,569	630
Closing balance		1,569	630
3.2 Analysis of balance	<u>Note</u> <u>3</u>	2019/2020 R'000	2018/2019 R'000
Aid assistance unutilised		1,569	630
Closing balance		1,569	630
3.3 Aid assistance expenditure per economic classification	<u>Note</u> <u>3</u>	2019/2020 R'000	2018/2019 R'000
Current		983	859
Total aid assistance expenditure		983	859
4. Compensation of employees			
4.1 Salaries and wages	<u>Note</u> <u>4</u>	2019/2020 R'000	2018/2019 R'000
Basic salary		239,608	237,600
Performance award		4,581	5,094
Service-based		16,698	15,634
Compensative/circumstantial		18,015	10,171
Other non-pensionable allowances		38,932	40,230
Total		317,834	308,729

4.2 Social contributions	<u>Note</u>	2019/2020	2018/2019
	4	R'000	R'000
Employer contributions			
Pension		27,896	26,431
Medical		10,423	9,816
Bargaining Council		52	50
Total		38,371	36,297
Total compensation of employees		356,205	345,026
Average number of employees		565	536

5. Goods and services	<u>Note</u>	2019/2020	2018/2019
	<u>5</u>	R'000	R'000
Administrative fees		284	231
Advertising		5,018	18,788
Minor assets	<u>5.1</u>	343	673
Bursaries (employees)		1,239	1,113
Catering		18,789	7,776
Communication		10,142	10,212
Computer services	<u>5.2</u>	56,420	31,112
Consultants: Business and advisory services		67,292	60,182
Legal services		4,269	4,320
Contractors		11,926	9,231
Entertainment		135	135
Audit cost – external	<u>5.3</u>	7,210	10,792
Fleet services		1,438	1,119
Consumables	<u>5.4</u>	4,600	4,918
Operating leases		43,800	41,723
Property payments	<u>5.5</u>	13,164	12,203
Rental and hiring		-	8
Travel and subsistence	<u>5.6</u>	68,213	68,532
Venues and facilities		51,473	41,869
Training and development		2,151	2,485
Other operating expenditure	<u>5.7</u>	5,264	6,721
Total		373,170	334,143

5.1 Minor assets	<u>Note</u>	2019/2020	2018/2019
	<u>5</u>	R'000	R'000
Tangible assets		343	555
Buildings and other fixed structures			
Machinery and equipment		343	555
Intangible assets		-	118
Mastheads and publishing titles		-	118
Total		343	673
5.2 Computer services	<u>Note</u>	2019/2020	2018/2019
	<u>5</u>	R'000	R'000
SITA computer services		36,732	22,447
External computer service providers		19,688	8,665
Total		56,420	31,112
5.3 Audit cost - External	<u>Note</u>	2019/2020	2018/2019
	<u>5</u>	R'000	R'000
Regularity audits		7,210	10,792
Total		7,210	10,792
5.4 Consumables	<u>Note</u>	2019/2020	2018/2019
	<u>5</u>	R'000	R'000
Consumable supplies		1,660	1,900
Buildings and other fixed structures		149	26
Household supplies		914	1,395
Building material and supplies		-	-
Communication accessories		2	-
IT consumables		151	138
Other consumables		444	341
Stationery, printing and office supplies		2,940	3,018
Total		4,600	4,918

5.5 Property payments	<u>Note</u> <u>5</u>	2019/2020 R'000	2018/2019 R'000
Municipal services		5,726	6,032
Property management fees		286	302
Property maintenance and repairs		1,103	763
Other		6,049	5,106
Total		13,164	12,203

5.6 Travel and subsistence	<u>Note</u> <u>5</u>	2019/2020 R'000	2018/2019 R'000
Local		65,375	60,046
Foreign		2,838	8,486
Total		68,213	68,532

5.7 Other operating expenditure	<u>Note</u> <u>5</u>	2019/2020 R'000	2018/2019 R'000
Professional bodies, membership and subscription fees		10	9
Resettlement costs		85	311
Other		5,169	6,401
Total		5,264	6,721

6. Payments for financial assets	<u>Note</u>	2019/2020 R'000	2018/2019 R'000
Purchase of equity		50,000	80,000
Other material losses written off	<u>6.1</u>	163	617
Debts written off	<u>6.2</u>	1	29
Total		50,164	80,646

6.1 Other material losses written off	<u>Note</u>	2019/2020 R'000	2018/2019 R'000
Damages	<u>6</u>	136	591
No shows		27	26
Total		163	617

6.2 Debts written off	<u>Note</u>	2019/2020 R'000	2018/2019 R'000
Bad debts	<u>6</u>	1	29
Total		1	29

7. Transfers and subsidies	<u>Note</u>	2019/2020 R'000	2018/2019 R'000
Provinces and municipalities	<u>31, 32</u> <u>Annexure 1A</u>	31,374,870	30,333,953
Departmental agencies and accounts	<u>Annexure 1B</u>	1,172,884	1,079,034
Foreign governments and international organisations	<u>Annexure 1E</u>	3,031	4,245
Households	<u>Annexure 1G</u>	9,357	8,579
Total		32,560,142	31,425,811

	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
8. Expenditure for capital assets			
Tangible assets		5,872	9,722
Machinery and equipment	<u>28</u>	5,872	9,722
Intangible assets		-	36
Mastheads and publishing titles	<u>29</u>	-	36
Total		5,872	9,758

The difference between the additions of R5,8 million (Note 8) and R6,1 million (Note 29.1) on machinery and equipment was mainly due to misclassification of assets.

	Voted funds R'000	Aid assistance R'000	Total R'000
8.1 Analysis of funds utilised to acquire capital assets – 2019/20	5,872	-	5,872
Tangible assets	5,872	-	5,872
Machinery and equipment	5,872	-	5,872
Total	5,872	-	5,872

	Voted funds R'000	Aid assistance R'000	Total R'000
8.2 Analysis of funds utilised to acquire capital assets – 2018/19	9,722	-	9,722
Tangible assets	9,722	-	9,722
Machinery and equipment	9,722	-	9,722
Intangible assets	36	-	36
Mastheads and publishing titles	36	-	36
Total	9,758	-	9,758

8.3 Finance lease expenditure included in expenditure for capital assets

Tangible assets

Machinery and equipment

Total

<u>Note</u>	2019/2020 R'000	2018/2019 R'000
	3,181	1,860
Total	3,181	1,860

9. Cash and cash equivalents

Consolidated Paymaster General Account

Cash on hand

Total

<u>Note</u>	2019/2020 R'000	2018/2019 R'000
	633,063	257,436
	95	95
Total	633,158	257,531

10. Prepayments and advances

Travel and subsistence

Advances paid (Not expensed)

Total

<u>Note</u>	2019/2020 R'000	2018/2019 R'000
	34	-
<u>10.1</u>	509	400
Total	543	400

	<u>Note</u>	Balance as at 1 April 2019	Less: Amount expensed in current year R'000	Add or Less: Other R'000	Add: Current Year advances R'000	Balance as at 31 March 2020 R'000
10.1 Advances paid (Not expensed)						
	<u>10</u>	R'000	R'000	R'000	R'000	R'000
National departments		400	(1,238)	(1,253)	2,600	509
Total		400	(1,238)	(1,253)	2,600	509

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

11. Receivables	<i>Note</i>	2019/2020			2018/2019		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	<u>11.1</u>	266	248	514	1,769	257	2,026
Recoverable expenditure	<u>11.2</u>	35	442	477	-	556	556
Staff debt	<u>11.3</u>	389	129	518	175	69	244
Fruitless and wasteful expenditure	<u>11.5</u>	1	-	1	-	-	-
Other receivables	<u>11.4</u>	-	1,162	1,162	-	1,162	1,162
Total		691	1,981	2,672	1,944	2,044	3,988

11.1 Claims recoverable	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
National departments	<u>11 & Annex 4</u>	<u>514</u>	<u>2,026</u>
Total		514	2,026

11.2 Recoverable expenditure (disallowance accounts)	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
Disallowance miscellaneous	<u>11</u>	35	-
Damaged vehicles		442	556
Total		477	556

11.3 Staff debt	<u>Note</u> <u>11</u>	2019/2020 R'000	2018/2019 R'000
Traffic fine		-	1
Study		3	24
Vehicles		184	59
Cellphones		22	1
No show		5	11
SARS debt		7	7
Leave without pay		22	22
Salaries		199	27
Laptops		70	86
Petty cash		6	6
Total		518	244

11.4 Other receivables	<u>Note</u> <u>11</u>	2019/2020 R'000	2018/2019 R'000
Suppliers		1,162	1,162
Total		1,162	1,162

11.5 Fruitless and wasteful expenditure	<u>Note</u> <u>11</u>	2019/2020 R'000	2018/2019 R'000
Transfers from note 32 fruitless and wasteful expenditure		1	-
Total		1	-

11.6 Impairment of receivables	<u>Note</u> <u>11</u>	2019/2020 R'000	2018/2019 R'000
Estimate of impairment of receivables		1,930	2,016
Total		1,930	2,016

	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
12. Investments			
Non-current			
Shares and other equity			
National Housing Finance Corporation		2,363,635	2,313,635
Servcon		604	604
Total		2,364,239	2,314,239
Total non-current		2,364,239	2,314,239
		2019/2020 R'000	2018/2019 R'000
Analysis of non-current investments			
Opening balance		2,314,239	2,234,239
Additions in cash		50,000	80,000
Closing balance		2,364,239	2,314,239
12.1 Impairment of investments	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
Estimate of impairment of impairment		604	604
Total		604	604
13. Voted funds to be surrendered to the Revenue Fund	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
Opening balance		260,459	107,216
As restated		260,459	107,216
Transfer from statement of financial performance (as restated)		516,361	260,459
Paid during the year		(260,459)	(107,216)
Closing balance		516,361	260,459

14. Departmental revenue and NRF receipts to be surrendered to the Revenue Fund

	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
Opening balance		387	213
As restated		387	213
Transfer from Statement of Financial Performance (as restated)		860	1,564
Paid during the year		(1,189)	(1,390)
Closing balance		58	387

15. Payables – current

	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
Clearing accounts	<u>15.1</u>	576	296
Other payables	<u>15.2</u>	117,700	36
Total		118,276	332

15.1 Clearing accounts

	<i>Note</i> <u>15</u>	2019/2020 R'000	2018/2019 R'000
Sal: IncomeTax		505	262
Sal: GEHS Refund Control		26	-
Sal: Pension funds		45	34
Total		576	296

15.2 Other payables

	<i>Note</i> <u>15</u>	2019/2020 R'000	2018/2019 R'000
Salaries reversal control		-	35
Unspent fund (CSOS)		117,700	-
Staff debts		-	1
Total		117,700	36

16. Net cash flow available from operating activities	<u>Note</u>	2019/2020 R'000	2018/2019 R'000
Net surplus/(deficit) as per Statement of Financial Performance		518,160	262,653
Add back non-cash/cash movements not deemed operating activities		(136,902)	(93,098)
(Increase)/decrease in receivables		1,253	2,296
(Increase)/decrease in prepayments and advances		(143)	4,277
Increase/(decrease) in payables – current		117,944	(419)
Proceeds from sale of capital assets		(180)	(174)
Expenditure for capital assets		5,872	9,758
Surrenders to Revenue Fund		(261,648)	(108,606)
Surrenders to RDP Fund/Donor		-	(230)
Net cash flow generated by operating activities		381,258	169,555
17. Reconciliation of cash and cash equivalents for cash flow purposes	<u>Note</u>	2019/2020 R'000	2018/2019 R'000
Consolidated Paymaster General account		633,063	257,436
Cash on hand		95	95
Total		633,158	257,531

18. Contingent liabilities		<u>Note</u>	2019/2020 R'000	2018/2019 R'000
Liable to	Nature			
Housing loan guarantees	Employees	<u>Annex 3A</u>	105	105
Claims against the Department		<u>Annex 3B</u>	1,658,185	1,361,606
Intergovernmental payables (unconfirmed balances)		<u>Annex 5</u>	484	1,526
Other		<u>Annex 3B</u>	68,363	63,925
Total			1,727,137	1,427,162

It is premature for the Department to state whether the cases in which the Minister has been cited can or cannot be won. As these cases are before the courts it is for the courts to decide. It must be noted that in all these cases the Minister is not the first respondent. The Department is defending these cases and will continue to do so until finality. Should the verdict be in the complainant's favour, all spheres of government will be affected as all spheres are cited. It must also be noted that in terms of Schedule four (4) of the constitution, housing is a concurrent function.

There is no reimbursement expected by the Department.

All the contingent liabilities known to the Department have been disclosed.

19. Capital commitments		<u>Note</u>	2019/2020 R'000	2018/2019 R'000
Specify class of asset				
Furniture and office equipment			72	-
Computer equipment			1,222	79
Other machinery and equipment			229	44
Total			1,523	123

20. Accruals and payables not recognised

			2019/2020 R'000	2018/2019 R'000
20.1 Accruals				
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	5,513	581	6,114	16,425
Transfers and subsidies	-	-	-	25
Capital assets	96	-	96	24
Total	5,609	581	6,210	16,474

		<i>Note</i>	2019/2020 R'000	2018/2019 R'000
Listed by programme level				
Administration			2,105	10,060
Human Settlements Policy, Strategy and Planning			54	1,060
Programme Delivery Support			3,905	5,288
Housing Development Finance			146	66
Total			6,210	16,474

			2019/2020 R'000	2018/2019 R'000
20.2 Payables not recognised				
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	993	626	1,619	7,038
Transfers and subsidies	-	-	-	147
Total	993	626	1,619	7,185

		<i>Note</i>	2019/2020 R'000	2018/2019 R'000
Listed by programme level				
Administration			524	891
Human Settlements Policy, Strategy and Planning			36	234
Programme Delivery Support			1,059	6,060
Total			1,619	7,185

	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
21. Employee benefits			
Leave entitlement		13,549	16,443
Service bonus		8,106	7,248
Performance awards		3,043	5,654
Capped leave		4,973	4,961
Total		29,671	34,306

At this stage, the Department is not able to reliably measure the long-term portion of the long service awards.

Included under leave entitlement is an amount of R210 000 that employees owe to the Department for leave days taken.

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
22. Lease commitments					
22.1 Operating leases					
2019/2020	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	1,728	-	1,728
Total lease commitments	-	-	1,728	-	1,728

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

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
22.2 Finance leases					
2019/2020	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	1,706	1,706
Later than 1 year and not later than 5 years	-	-	-	953	953
Total lease commitments	-	-	-	2,659	2,659

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2018/19	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	1,889	1,889
Later than 1 year and not later than 5 years	-	-	-	1,691	1,691
Later than five years	-	-	-		
Total lease commitments	-	-	-	3,580	3,580

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

23. Irregular expenditure

	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
Opening balance		5,243	5,781
As restated		5,243	5,781
Less: Prior year amounts not condoned and removed		-	(538)
Closing balance		5,243	5,243

Analysis of awaiting condonation per age classification

Prior years	5,243	5,243
Total	5,243	5,243

23.1 Details of irregular expenditures under assessment (not included in the main note)	2019/2020 R'000
SITA SLA not signed by delegated official (contract value R11 110 882.31)	6,761
Non-compliance – National Instruction 3 of 2016/17	329
Non-compliance – National Instruction 3 of 2016/17 (Business Service)	224
Non-compliance – Recruitment process	2,616
Blackhead Consulting – Non-compliance	835
Emendo (Pty) Ltd – Non-compliance	109
Total	10,874

The reduction of R11,1 million (contract value) to R6,7 million is based on the Internal Audit Report outcome which concluded that the R4,4 million was not confirmed to be irregular expenditure, and that the R6,7 million will be confirmed to be irregular expenditure once the payment has been made to SITA.

24. Fruitless and wasteful expenditure	<i>Note</i>	2019/2020 R'000	2018/2019 R'000
24.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		17	2,827
As restated		17	2,827
Less: Amounts recoverable	<i>11.5</i>	(3)	(2,810)
Closing balance		14	17

24.2 Details of fruitless and wasteful expenditure recoverable Incident	<i>Note</i>	2019/2020 R'000
Transferred to receivables to be recovered from three officials		3
Total		3

**24.3 Details of fruitless and wasteful expenditure recoverable
expenditures under assessment
(not included in the main note)
Incident**

	2019/2020 R'000
Management fees for cancellation of bus services	18
Cancellation of a Property Sector Transformation Summit	2,759
Cancellation of staff meeting	44
Late renewal fee – Macro Focus licence	155
Total	2,976

**25. Related party transactions
Payments made**

Note

	2019/2020 R'000	2018/2019 R'000
Payments for financial assets	50,000	80,000
Total	50,000	80,000

South African Housing Fund, National Home Builders Registration Council, National Housing Finance Corporation, Thubelisha Homes, Housing Development Agency, Social Housing Regulatory Authority, Estate Agency Affairs Board, Community Scheme Ombuds Service and Department of Water and Sanitation.

Transfers paid to Public Entities are excluded as they have been included in Annexure 1B.

26. Key management personnel

	No. of Individuals	2019/2020 R'000	2018/2019 R'000
Political office bearers (provide detail below)	4	8,375	4,231
Officials:			
Levels 15 to 16	14	19,216	20,691
Level 14 (incl. CFO if at a lower level)	21	24,890	25,816
Family members of key management personnel	1	22	-
Total		52,503	50,738

The Director General (DG) of the National Department of Human Settlements was appointed as acting DG in the National Department of Water and Sanitation by Minister Lindiwe Sisulu.

27. Provisions

27.1 Reconciliation of movement in provisions – 2018/19	Provision 1 R'000	GTAC invoices R'000	Provision 3 R'000	Total provisions R'000
Opening balance	-	3,255	-	3,255
Settlement of provision	-	(3,255)	-	(3,255)
Closing balance	-	-	-	-

28. Non-adjusting events after reporting date

Nature of event

On 15 March 2020, the President declared a National State of Disaster on COVID-19, in terms of the Disaster Management Act, 2002. Based on the available research, information, practice and science available, it was necessary and urgent for government to act swiftly to prevent, contain, treat and mitigate the negative socio-economic impact and consequences of the pandemic.

The National Department of Human Settlements, based on its policy, legislative and regulatory accountability, identified informal settlements and/or hostels and/or inner-cities, wherein households and/or individuals would be vulnerable and susceptible to COVID-19, as a result of being dense, congested and over-crowded. This was because the science determined that social and physical distancing, hand washing, and the wearing of masks were effective in preventing the spread of COVID-19. In consultation and in line with guidelines issued by National Treasury, the Department reprioritised a portion of the Urban Settlements Development Grant (USDG) to be utilised to prevent, contain, treat and mitigate the spread of COVID-19, in informal settlements and/or hostels and/or inner-city areas, in the designated metropolitan municipalities. A total of R2.4 billion was approved by National Treasury through Sec 20 (6) of DoRA, 2019 to be utilised in the aforementioned manner.

R5 million has been reprioritised internally under goods and services to respond to Covid-19.

Total	5,000
	2,405,000

29. Movable tangible capital assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2020	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	112,839	28	6,198	(5,609)	113,456
Transport assets	7,229	28	-	(2,149)	5,108
Computer equipment	56,160	-	2,594	(1,488)	57,266
Furniture and office equipment	22,854	-	256	(901)	22,209
Other machinery and equipment	26,596	-	3,348	(1,071)	28,873
Total movable tangible capital assets	112,839	28	6,198	(5,609)	113,456

	Number	Value R'000
Movable tangible capital assets under investigation		
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Heritage assets		
Machinery and equipment	239	5,372

Assets under investigation are assets that were not found during verification due to a continuous unauthorised movement of assets by users.

	Cash	Non-cash	(Capital work in progress, current costs and finance lease payments)	Received current, not paid (paid current year, received prior year)	Total
29.1 Additions					
Additions to movable tangible capital assets per asset register for the year ended 31 March 2020	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	2,661	257	3,181	99	6,198
Computer equipment	2,238	257	-	99	2,594
Furniture and office equipment	256	-	-	-	256
Other machinery and equipment	167	-	3,181	-	3,348
Total additions to movable tangible capital assets	2,661	257	3,181	99	6,198

The difference between the additions of R5.8 million (Note 8) and R6,1 million (Note 9.1) on machinery and equipment was mainly due to misclassification of assets.

	Sold for cash	Non-cash disposal	Total disposals	Cash received actual
29.2 Disposals				
Disposals of movable tangible capital assets per asset register for the year ended 31 March 2020	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	1,270	4,339	5,609	180
Transport assets	1,270	879	2,149	180
Computer equipment	-	1,488	1,488	-
Furniture and office equipment	-	901	901	-
Other machinery and equipment	-	1,071	1,071	-
Total disposal to movable tangible capital assets	1,270	4,339	5,609	180

29.3 Movement for 2018/19	Opening balance	Prior period error	Additions	Disposals	Closing balance
Movement in tangible capital assets per asset register for the year ended 31 March 2019	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	102,896	-	11,618	(1,675)	112,839
Transport assets	4,644	-	3,073	(488)	7,229
Computer equipment	52,608	-	4,285	(733)	56,160
Furniture and office equipment	23,226	-	70	(442)	22,854
Other machinery and equipment	22,418	-	4,190	(12)	26,596
Total additions to movable tangible capital assets	102,896	-	11,618	(1,675)	112,839

29.4 Minor assets	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Movement in minor assets per asset register for the year ended 31 March 2019	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1,261	-	16,895	-	18,156
Value adjustments	-	-	-	12	-	12
Additions	-	34	9	344	-	386
Disposals	-	(5)	-	(1,562)	-	(1,567)
Total minor assets	-	1,290	9	15,689	-	16,987

Included in the above total of the minor capital assets per the asset register are assets that are under investigation:	Number	Value R'000
Machinery and equipment	902	1,306

Assets under investigation are assets that were not found during verification due to a continuous unauthorised movement of assets by users.

Movement in minor assets per the asset register for the year ended 31 March 2019	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1,144	-	17,108	-	18,252
Additions	-	117	-	557	-	674
Disposals	-	-	-	(770)	-	770
Total minor assets	-	1,261	-	16,895	-	18,156
Number of R1 minor assets	-	-	-	29	-	29
Number of minor assets at cost	-	-	-	13,136	-	13,136
Total number of minor assets	-	-	-	13,165	-	13,165

29.5 S42 movable capital assets	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
Major assets to be transferred in terms of S42 of the PFMA - 31 March 2019						
No. of assets	-	2	-	46	-	48
Value of the assets (R'000)	-	24	-	3,156	-	3,180
Minor assets to be transferred in terms of S42 of the PFMA - 31 March 2019						
No. of assets	-	1	-	25	-	26
Value of the assets (R'000)	-	2	-	45	-	47

30. Intangible capital assets	Opening balance	Value adjustments	Additions	Disposals	Closing balance
Movement in intangible capital assets per asset register for the year ended 31 March 2019	R'000	R'000	R'000	R'000	R'000
Software	6,248	-	-	(24)	6,224
Mastheads and Publishing Titles	36	-	-	-	36
Total intangible capital assets	6,248	-	-	(24)	6,260

30.1 Disposals	Sold for cash	Non-cash disposal	Total disposals	Cash received actual
Disposals of intangible capital assets per asset register for the year ended 31 March 2019	R'000	R'000	R'000	R'000
Software	-	24	24	-
Total disposals of intangible capital assets	-	24	24	-

30.2 Movement for 2018/19	Opening balance	Prior period error	Additions	Disposals	Closing balance
Movement in intangible capital assets per asset register for the year ended 31 March 2019	R'000	R'000	R'000	R'000	R'000
Software	6,248	-	-	-	6,248
Mastheads and Publishing Titles	-	-	36	-	36
Total intangible capital assets	6,248	-	36	-	6,284

31. Immovable tangible capital assets	Opening balance	Value adjustments	Additions	Disposals	Closing balance
Movement in immovable tangible capital assets per asset register for the year ended 31 March 2019	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	236	-	-	-	236
Other fixed structures	236	-	-	-	236
Total immovable tangible capital assets	236	-	-	-	236

31. Immovable tangible capital assets	Opening balance	Prior period error	Additions	Disposals	Closing balance
Movement in immovable tangible capital assets per asset register for the year ended 31 March 2020	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	236	-	-	-	236
Other fixed structures	236	-	-	-	236
Total immovable tangible capital assets	236	-	-	-	236

32. Inventories	Stationery	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	TOTAL
Inventories for the year ended 31 March 2020	R'000	R'000	R'000	R'000	R'000
Opening balance	13	-	-	-	13
Add/(Less): Adjustments to prior year balances	(2)	-	-	-	(2)
Add: Additions/Purchases – cash	14	-	-	-	14
(Less): Issues	(14)	-	-	-	(14)
Add/(Less): Adjustments	(11)	-	-	-	(11)
Closing balance	-	-	-	-	-

	Stationery	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	TOTAL
Inventories for the year ended 31 March 2019	R'000	R'000	R'000	R'000	R'000
Opening balance	1	-	-	-	1
Add/(Less): Adjustments to prior year balances	(35)	-	-	-	(35)
Add: Additions/Purchases – cash	317	-	-	-	317
(Less): Issues	(305)	-	-	-	(305)
Add/(Less): Adjustments	35	-	-	-	35
Closing balance	13	-	-	-	13

33. Statement of conditional grants paid to the provinces

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER			SPENT				2018/19
	Division of Revenue Act	Rollovers	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by Department	Amount spent by Department	Unspent funds	% of available funds spent by Department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Summary by province												
Eastern Cape	2,021,182	53,974	-	2,075,156	2,209,835	-	98,500	2,263,809	1,897,701	366,108	0%	1,974,022
Free State	1,125,261	40,017	-	1,165,278	1,007,261	-	(118,000)	1,047,278	986,835	60,443	94%	1,122,609
Gauteng	5,320,613	53,716	-	5,374,329	5,070,613	-	(250,000)	5,124,329	4,933,445	190,884	96%	5,152,394
KwaZulu-Natal	3,586,019	50,450	-	3,636,469	3,835,762	-	98,500	3,886,212	3,800,117	86,095	0%	3,254,179
Limpopo	1,337,497	72,071	-	1,409,568	1,337,497	-		1,409,568	1,372,844	36,724	97%	1,310,187
Mpumalanga	1,332,536	53,409	-	1,385,945	1,431,036	-	98,500	1,484,445	1,483,935	510	0%	1,330,161
Northern Cape	481,052	6,797	-	487,849	455,052	-	(26,000)	461,849	461,849	-	100%	495,155
North West	1,985,335	10,884	-	1,996,219	1,985,335	-		1,996,219	1,728,107	268,112	87%	1,977,331
Western Cape	2,138,020	83,773	-	2,221,793	2,239,935	-	98,500	2,323,708	2,323,630	78	0%	2,069,137
TOTAL	19,327,515	425,091	-	19,752,606	19,572,326	-	-	19,997,417	18,988,463	1,008,954		18,685,175
Summary by grant												
Human Settlements Development Grant	18,779,815	167,888	-	18,947,703	18,779,815	-	-	18,947,703	18,413,355	-	97%	18,166,520
Title Deeds Restoration Grant	547,700	120,021	-	667,721	547,700	-	-	667,721	369,441	-	55%	518,655
Provincial Emergency Housing Grant	276,900	137,182	-	137,182	244,811	-	-	381,993	205,667	-	55%	260,000
TOTAL	19,604,415	425,091	-	19,752,606	19,572,326	-	-	19,997,417	18,988,463	-		18,945,175

1. Human Settlements Development Grant	Eastern Cape	1,960,278	-	-	1,960,278	2,058,778	-	98,500	2,058,778	1,853,727	205,051	0%	1,908,439
	Free State	1,093,166	-	-	1,093,166	975,166	-	(118,000)	975,166	974,858	308	100%	1,072,422
	Gauteng	5,164,409	49,371	-	5,213,780	4,914,409	-	(250,000)	4,963,780	4,857,246	106,534	98%	5,046,583
	KwaZulu-Natal	3,485,407	50,450	-	3,535,857	3,583,907	-	98,500	3,634,357	3,634,357	-	0%	3,152,757
	Limpopo	1,301,677	61,270	-	1,362,947	1,301,677	-	-	1,362,947	1,362,599	348	100%	1,287,681
	Mpumalanga	1,296,059	-	-	1,296,059	1,394,559	-	98,500	1,394,559	1,394,556	3	0%	1,278,427
	Northern Cape	470,262	6,797	-	477,059	444,262	-	(26,000)	451,059	451,059	-	100%	474,791
	North West	1,934,947	-	-	1,934,947	1,934,947	-	-	1,934,947	1,712,843	222,104	89%	1,926,644
	Western Cape	2,073,610	-	-	2,073,610	2,172,110	-	98,500	2,172,110	2,172,110	-	0%	2,018,776
TOTAL		18,779,815	167,888	-	18,947,703	18,779,815	-	-	18,947,703	18,413,355	534,348		18,166,520
2. Title Deeds Restoration Grant	Eastern Cape	60,904	53,974	-	114,878	60,904	-	-	114,878	43,974	70,904	38%	65,583
	Free State	32,095	40,017	-	72,112	32,095	-	-	72,112	11,977	60,135	17%	50,187
	Gauteng	156,204	4,345	-	160,549	156,204	-	-	160,549	76,199	84,350	47%	105,811
	KwaZulu-Natal	100,612	-	-	100,612	100,612	-	-	100,612	100,612	-	100%	101,422
	Limpopo	35,820	10,801	-	46,621	35,820	-	-	46,621	10,245	36,376	22%	22,506
	Mpumalanga	36,477	-	-	36,477	36,477	-	-	36,477	35,970	507	99%	51,734
	Northern Cape	10,790	-	-	10,790	10,790	-	-	10,790	10,790	-	100%	20,364
	North West	50,388	10,884	-	61,272	50,388	-	-	61,272	15,264	46,008	25%	50,687
	Western Cape	64,410	-	-	64,410	64,410	-	-	64,410	64,410	-	100%	50,361
TOTAL		547,700	120,021	-	667,721	547,700	-	-	667,721	369,441	298,280		518,655
3. Provincial Emergency Housing Grant		276,900	-	-	-	-	-	-	-	-	-	-	260,000
	Eastern Cape	-	-	-	-	90,153	-	-	90,153	-	90,153	0%	-
	KwaZulu-Natal	-	-	-	-	151,243	-	-	151,243	65,148	86,095	0%	-
	Mpumalanga	-	53,409	-	53,409	-	-	-	53,409	53,409	-	100%	-
	Western Cape	-	83,773	-	83,773	3,415	-	-	87,188	87,110	78	0%	-
TOTAL		276,900	137,182	-	137,182	244,811	-	-	381,993	205,667	176,326		260,000

In terms of Section 15(1) 2019 of DoRA:

- (a) The total amount of R18,779,815,000 allocated to provinces;
- (b) An amount of R118,000,000 was stopped from Free State, R250,000,000 from Gauteng and R26,000,000 from Northern Cape Provinces respectively;
- (c) Transfers were made in accordance with the payment schedule;
- (d) An amount of R98,500,000 each was reallocated to Eastern Cape, KwaZulu-Natal, Mpumalanga and Western Cape Provinces respectively;
- (e) Funds were transferred into the primary bank account of the provincial departments; and
- (f) The Human Settlements Development Grant (HSDG) was not utilised for other administrative purposes except in terms of the Operational Capital Budget (OPSCAP) Programme which allows provinces to utilise a certain percentage maximum of 5% of the voted allocation (grant) to support the approved national and provincial housing programmes.

In terms of Section 15(1) 2019 of DoRA:

- (a) A total of R547,700,000 was allocated to provinces and transferred as per approved payment schedule;
- (b) No funds were withheld or stopped in terms of Section 18 or 19;
- (c) Transfers were made in accordance with the payment schedule;
- (d) No reallocations by National Treasury in terms of Section 20;
- (e) Transfers were deposited into the primary bank accounts of provincial departments; and
- (f) No funds were used for the administration of the allocation by the receiving officer.

In terms of Section 15(1) 2019 of DoRA:

- (a) A total of R276,900,000 is allocated to provinces and R244,811,000 has been transferred as per approved payment schedule;
- (b) No funds were withheld or stopped in terms of Section 18 or 19;
- (c) Transfers were made in accordance with the payment schedule;
- (d) No reallocations by National Treasury in terms of Section 20;
- (e) Transfers were deposited into the primary bank accounts of provincial departments; and
- (f) No funds were used for the administration of the allocation by the receiving officer.

34. Statement of conditional grants paid to municipalities

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2018/19	
	DoRA and other transfers	Rollovers	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Buffalo City	817,423	-	340,000	1,157,423	1,157,423	-	-	1,157,423	470,746	686,677	41%	762,992	962,992
Nelson Mandela Bay	975,685	-	-	975,685	585,411	390,274	-	585,411	351,496	233,915	60%	905,664	1,105,664
Mangaung	813,563	-	(301,707)	511,856	511,856	-	-	511,856	195,082	316,774	38%	756,216	706,402
City of Ekurhuleni	2,092,514	-	(120,000)	1,972,514	1,972,514	-	-	1,972,514	783,642	1,188,872	40%	1,971,737	1,835,475
City of Johannesburg	1,968,023	6,316	341,707	2,316,046	2,309,730	-	-	2,309,730	977,763	1,331,967	42%	1,852,262	1,852,262
City of Tshwane	1,711,013	-	(200,000)	1,511,013	1,511,013	-	-	1,511,013	525,974	985,039	35%	1,605,607	1,499,552
eThekweni	2,094,441	-	-	2,094,441	2,094,441	-	-	2,094,441	949,158	1,145,283	45%	1,966,869	1,859,000
City of Cape Town	1,572,724	117,495	(60,000)	1,630,219	1,512,724	-	-	1,512,724	815,270	697,454	54%	1,484,790	1,484,790
TOTAL	12,045,386	123,811	-	12,169,197	11,655,112	390,274	-	11,655,112	5,069,131	6,585,981		11,306,137	11,306,137

In terms of Section 15(1) 2019 of DORA:

- (a) R11,655,112,000 was transferred to the municipalities;
- (b) A total of R390,274,000 was not transferred to Nelson Mandela Bay due to Section 216 as per National Treasury. A total amount of R681,707,000 was stopped as follows: from Mangaung (R301,707,000), City of Ekurhuleni (R120,000,000), City of Tshwane (R200,000,000) and City of Cape Town (R60,000,000);
- (c) All transfers were made according to the payment schedule or amended payment schedule;
- (d) A total of R681,707,000 was reallocated from non-performing metros to performing metros: Buffalo City (R340,000,000) and City of Johannesburg (R341,707,000);
- (e) Transfers were made into the municipalities' primary bank accounts; and
- (f) The Urban Settlements Development Grant (USDG) was not utilised for other administrative purposes except in terms of the Operational Capital Budget (OPSCAP) Programme which allows municipalities to utilise a certain percentage maximum of 3% of the voted allocation (grant) to support the approved municipal housing programmes.

ANNNNEXURE 1A

Statement of conditional grants and other transfers paid to municipalities

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2018/19	
	DoRA and other transfers	Rollovers	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
	149,100												140,000
Bitou Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	3,988
Buffalo City	-	-	-	-	-	-	-	-	-	-	-	-	9,043
Nelson Mandela Metropolitan	-	-	-	-	-	-	-	-	-	-	-	-	7,125
Jozini Local Municipality	-	-	-	-	-	-	-	-	-	-	-	-	10,827
OR Tambo District	-	-	-	-	-	-	-	-	-	-	-	-	5,284
Joe Morolong	-	-	-	-	-	-	-	-	-	-	-	-	1,518
Mbhashe Local Municipality	5,284	-	-	5,284	5,284	-	-	5,284	4,876	408	92%	-	-
eThekweni Metro Municipality	90,810	-	-	90,810	90,810	-	-	90,810	-	90,810	0%	-	-
Mtubatuba Local Municipality	41,822	-	-	41,822	41,822	-	-	41,822	38,731	3,091	93%	-	-
Nama Khoi Local Municipality	1,288	-	-	1,288	1,288	-	-	1,288	-	1,288	0%	-	-
Raymond Mahlaba Local Municipality	3,008	-	-	3,008	3,008	-	-	3,008	1,499	1,509	50%	-	-
Greater Kokstad Local Municipality	5,220	-	-	5,220	5,220	-	-	5,220	2,100	3,120	40%	-	-
TOTAL	147,432	-	-	147,432	147,432	-	-	147,432	47,206	100,226		-	37,785

In terms of Section 15(1) 2019 of DoRA:

- (a) A total of R149,100,000 is allocated to municipalities and R147,432,000 has been transferred to municipalities;
- (b) No funds were withheld or stopped in terms of Section 18 or 19;
- (c) Transfers were made in accordance with the payment schedule;
- (d) No reallocations by National Treasury; and
- (e) Transfers were deposited into the primary bank accounts of municipalities;
- (f) No funds were used for the administration of the allocation by the receiving officer.

ANNEXURE 1B

Statement of transfers to departmental agencies and accounts

DEPARTMENTAL AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2018/19
	Adjusted appropriation	Rollovers	Adjustments	Total available	Actual transfer	% of available funds transferred	Final appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Housing Development Agency	229,311	-	-	229,311	229,311	100%	222,177
Social Housing Regulatory Authority	810,726	-	-	810,726	810,726	100%	825,752
Community Schemes Ombud Service	32,847	-	-	32,847	32,847	100%	31,105
National Housing Finance Corporate	100,000	-	-	100,000	100,000	100%	-
TOTAL	1,172,884	-	-	1,172,884	1,172,884	100%	1,079,034

ANNEXURE 1E

Statement of transfers to foreign government and international organisations

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				TRANSFER		2018/19
	Adjusted appropriation	Rollovers	Adjustments	Total available	Actual transfer	% of available funds transferred	Final appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Habitat Foundation membership fees	2,361	-	-	2,361	2,307	98%	-
United Nations membership fees	724	-	-	724	724	100%	4,246
TOTAL	3,085	-	-	3,085	3,031		4,246

ANNEXURE 1G

Statement of transfers to households

DEPARTMENTAL AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2018/19
	Adjusted appropriation	Rollovers	Adjustments	Total available	Actual transfer	% of available funds transferred	Final appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave gratuity	2,546	-	-	2,546	2,488	98%	2,011
Retirement benefits	4,559	-	-	4,559	4,557	100%	-
Donations and gifts							30
Bursaries (non-employees)	10,974	-	-	10,974	1,822	17%	10,392
Claims against the state	481	-	-	481	481	100%	
Refund and rem-act GRCE	9	-	-	9	9	100%	
TOTAL	18,569	-	-	18,569	9,357		12,433

ANNEXURE 1I

Statement of aid assistance received

Name of Donor	Purpose	Opening Balance	Revenue	Expenditure	Paid Back on/by 31 March	Closing Balance
		R'000	R'000	R'000	R'000	R'000
Received in cash						
PSETA	Funding of leadership	533				533
CETA	Skills development initiative	97	1,922	983		1,036
TOTAL		630	1,922	983		1,569

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 2019/ 2020	% held 2018/ 2019	Number of shares held		Cost of investment R'000		Net asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaran- teed
				2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	Yes/No
National/Provincial Public Entity												
National Housing Finance Corporation	Schedule 3A	100	100	84,187,332	84,187,332	2,363,635	2,313,635	4,336,388	4,315,082	114,851	108,403	
Servcon Housing Solutions	Schedule 3A	100	100	100	100	604	604	-	-	-	-	
TOTAL		200	200	84,187,432	84,187,432	2,364,239	2,314,239	4,336,388	4,315,082	114,851	108,403	

ANNEXURE 3A

Statement of financial guarantees issued as at 31 March 2020 – local

Guarantor institution:	Guarantee in respect of:	Original guaranteed capital amount	Opening balance 1 April 2019	Guarantees drawdowns during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance as at 31 March 2020	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2020
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Nedbank	Housing	-	75	-	-	-	75	-	-
First Rand Bank	Housing	-	24	-	-	-	24	-	-
Old Mutual	Housing	-	6	-	-	-	6	-	-
TOTAL		-	105	-	-	-	105	-	-

ANNEXURE 3B

Statement of contingent liabilities as at 31 March 2020

Nature of liability	Opening balance	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2020
	R'000	R'000	R'000	R'000	R'000
Claims against the Department					
Tsoga ka Bohlaswa Trading Enterprise	401	-	-	-	401
Pasco Risk Management vs EAAB & 3 others	490	-	-	-	490
Sunjith Singh vs Minister of Human Settlements & NHBRC	327,586	-	-	-	327,586
Angelina B Pitso vs Minister of Human Settlements and 5 others	30,000	-	-	-	30,000
Mokgale AT vs Tshwane Metro Municipality and 6 others	1,000,000	-	-	-	1,000,000
Mjayeli Security (Pty) Ltd vs The Director-General: Human Settlements	3,129	-	-	-	3,129
Reagile Consulting Services & Projects CC vs National Department of Human Settlements & another	-	60	-	-	60
Jibeng Investments (Pty) Ltd vs Minister of Human Settlements and others	-	288,919	-	-	288,919
Honono Ongezwa vs Minister of Human Settlements	-	3,000	-	-	3,000
Mbangata Vuyokazi vs Minister of Human Settlements	-	4,600	-	-	4,600
Subtotal	1,361,606	296,579	-	-	1,658,185
Other					
SITA	6,879	3,339	-	-	10,218
Public Works Department	57,000	-	-	-	57,000
Government Printers	7	-	-	-	7
Vodacom	34	4	-	-	38
Skynet	5	-	-	-	5
Bontle ke Botho	-	221	-	-	221
Lebongeng Holdings	-	4	-	-	4
MTN	-	870	-	-	870
Subtotal	63,925	4,438	-	-	68,363
TOTAL	1,425,531	301,017	-	-	1,726,548

ANNEXURE 4**Claims recoverable**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2019/20	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	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	R'000
Departments								
Department of Water & Sanitation	-	-	340	186	340	186	-	-
Gauteng Department of Agriculture & Rural Development	-	-	41	41	41	41	-	-
Gauteng Department of Social Economic Development	-	-	-	88	-	88	-	-
Eastern Cape Provincial Department of Human Settlements	-	-	62	62	62	62	-	-
DIRCO	-	-	-	1,649	-	1,649	-	-
Gauteng Department of Human Settlements	-	-	41	-	41	-	-	-
COGTA	-	-	30	-	30	-	-	-
TOTAL	-	-	514	2,026	514	2,026	-	-

ANNEXURE 5**Inter-government payables**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2019/20	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	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	R'000
Departments								
Current								
South African Police Services	-	-	140	54	140	54	-	-
Department of Justice & Constitutional Development	-	-	12	1,335	12	1,335	-	-
Limpopo Provincial Department of Public Works Roads & Infrastructure	-	-	-	20	-	20	-	-
DPSA	-	-	-	84	-	84	-	-
Gauteng Province (Provincial Treasury)	-	-	37	-	37	-	-	-
Subtotal	-	-	189	1,493	189	1,493	-	-
Other government entity								
Current								
Government Printing Works	-	-	295	33	295	33	-	-
Subtotal	-	-	295	33	295	33	-	-
Total Inter-government payables	-	-	484	1,526	484	1,526	-	-

ANNEXURE 6

Inventories

Inventories for the year ended 31 March 2020	Stationery	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	TOTAL
	R'000	R'000	R'000	R'000	R'000
Claims against the Department					
Opening balance	13	-	-	-	13
Add/(Less): Adjustments to prior year balances	(2)	-	-	-	(2)
Add: Additions/Purchases – cash	14	-	-	-	14
(Less): Issues	(14)	-	-	-	(14)
Add/(Less): Adjustments	(11)	-	-	-	(11)
Closing balance	-	-	-	-	-
Inventories for the year ended 31 March 2019					
Opening balance	1	-	-	-	1
Add/(Less): Adjustments to prior year balances	(35)	-	-	-	(35)
Add: Additions/Purchases – cash	317	-	-	-	317
(Less): Issues	(305)	-	-	-	(305)
Add/(Less): Adjustments	35	-	-	-	35
Closing balance	13	-	-	-	13

ANNEXURE 8A

Inter-entity advances paid (note 14)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	R'000	R'000	R'000	R'000	R'000	R'000
National Departments						
GCIS	-	-	498	400	498	400
DIRCO	-	-	11		11	
TOTAL	-	-	509	400	509	400

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT FOR 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 221 to 222, which comprise the statement of financial position as at 31 March 2020, 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 2020, and cash flows for the year then ended.

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 my report.
4. I am independent of the fund in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants and parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of accounting officer

6. The accounting officer, is responsible for the preparation and fair presentation of the financial statements 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.
7. 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 appropriate governance structure either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

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

8. 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Performance information reporting

10. As the fund was dormant for the year under review, no work was performed on the audit of performance information.

Audit of compliance with legislation

11. As the fund was dormant for the year under review, no work was performed on the audit of compliance with legislation.

Other information

12. The South African Housing Fund 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 and the auditor's report thereon.
13. 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.
14. 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.
15. If, based on the work I have performed, 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

30 September 2020



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.

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, 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 fund's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those responsible for the financial statements
 - 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 relating to events or conditions that may cast significant doubt on the ability of the South African Housing Fund 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 my 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 fund to cease operating as a going concern

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

Communication with those charged with governance

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, actions taken to eliminate threats or safeguards applied.

1. General review of the state of financial affairs

The change in focus in housing delivery to quality housing and a shift to alternative forms of housing tenure have formed the background against which sustainable housing delivery was achieved. As reported in 2003/04, changes in the financial management legislative environment precipitated a need to review the funds flow mechanisms to provinces. On 15 August 2003, MinMEC approved the disestablishment of the South African Housing Fund (SAHF). The final disestablishment of the SAHF can only be effected through the repeal of the Housing Act, Act 107 of 1997. The SAHF was delisted from the Public Finance Management Act with effect from 18 November 2003.

2. Accounting Authority's emoluments

In terms of section 11(5)(a) of the Housing Act (Act No 107 of 1997) the Director-General: Human Settlements is the accounting officer of the South African Housing Fund. No emoluments were paid to the accounting authority from the 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 of auditing the books and statements of account and balance sheet of the South African Housing Fund. The Office of the Auditor-General will continue to perform the statutory audit of the South African Housing Fund.

4. Approval of financial statements

The financial statements set out on pages 221 to 222 for the South African Housing Fund were approved by the accounting officer.

STATEMENT OF FINANCIAL POSITION		<i>Note</i>	2019/2020 R'000	2018/2019 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		<u>3</u>	627	627
TOTAL EQUITY AND LIABILITIES			32,585	32,585
CASH FLOW STATEMENT		<i>Note</i>	2019/2020 R'000	2018/2019 R'000
Cash flows from finance activities:				
(Increase)/Decrease in financial instruments			-	-
Net cash inflow/(outflow) from investing activities			-	-
Net increase in cash and cash equivalents			-	-
Cash and cash equivalents at beginning of period			32 585	32 585
Cash and cash equivalents at end of period		<u>5</u>	32,585	32,585

ACCOUNTING POLICIES

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

1. Basis of preparation

The financial statements are prepared on the liquidation basis as set out below since the entity no longer 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 recognised at cost.

1.2 Administration Costs

All administration costs are borne by the Department of Human Settlements.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

NO.

2. Trade and other receivables

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 SA 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.

NOTES TO THE CASH FLOW STATEMENT

5. Cash and cash equivalents

Cash with CPD	32 585	32 585
Total	32 585	32 585

In terms of 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.

The National Department of Human Settlements is a related party to the South African Housing Fund.

ADDENDUM: PERFORMANCE ON ESTIMATES OF NATIONAL EXPENDITURE (ENE) INDICATORS

ANNEXURE: PERFORMANCE ON STRATEGIC OBJECTIVES INDICATORS AND ENE

Programme 2: Human Settlements Policy, Strategy and Planning

ENE Indicator	ENE Target	ENE Performance	Comments on Deviation
Number of People's Housing Process subsidies allocated to approved beneficiaries per year	8500	5 680	Only five (5) Provinces namely KwaZulu-Natal, Western Cape, Mpumalanga, Eastern Cape and Free State implemented PHP during the reporting period

Programme 3: Programme Monitoring and Delivery Support

ENE Indicator	ENE Target	ENE Performance	Comments on Deviation
Number of municipalities provided with technical assistance for informal settlement upgrading per year	39	70	31
Number of informal settlements with settlement upgrading plans per year	300	117	A total of 183 informal settlements commissioned could not be completed due to business forums demanding 30% of the contract amount without performing any role in the project, which led to service providers being intimidated and afraid to do community participation; the South African Council of Engineers (SACE) is addressing the criminal activity on all projects within RSA and the Law Enforcement Agency was briefed The 183 informal settlements upgrading plans will be developed in the 2020/21 financial year since the contracts between the Department and the professional resource teams (PRTs) are in place
Number of title deeds registered to eradicate (pre-2014) backlog per year	206 170	125 768	-
Number of title deeds registered for new (post-2014) developments per year	159 687	23 593	-
Number of subsidy housing units completed per year	98 152	58 721	Poor delivery by most of the provinces
Number of additional households living in affordable rental housing units per year	10 000	732	-
Number of households benefitting from informal settlements upgrading programmes per year	77 000	110 111	-
Number of integrated and catalytic projects implemented per year	10	33	None
<i>Note: all the delivery figures shall be revised in line with audited provincial delivery figures</i>			

Programme 3: Programme Monitoring and Delivery Support

ENE Indicator	ENE Target	ENE Performance	Comments on Deviation
Number of finance-linked individual subsidy programme subsidies allocated to approved beneficiaries per year	1 900	4 554	None





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