HOUSES • SECURITY • COMFORT

ANNUAL REPORT 2016/17

human settlements

Department:
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 1 April 2016 to 31 March 2017 for tabling in the National Assembly on 30 September 2017.

M S TSHANGANA
DIRECTOR-GENERAL
Date: 31 August 2017

Building partnership towards 6 million houses and subsidies by 2019.

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1. DEPARTMENT GENERAL INFORMATION

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PART A:

GENERAL INFORMATION

2. LIST OF ABBREVIATIONS/ACRONYMS

AG	Auditor-General
BASA	Banking Association of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BID	Business Intelligence Dashboard
BNG	Breaking New Ground
CRU	Community Residential Units
CSIR	Council for Scientific and Industrial Research
CSOS	Community Schemes Ombud Services
DCoG	Department of Cooperative Governance
DFI	Development Finance Institutions
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DSBD	Department of Small Business Development
EAAB	Estate Agency Affairs Board
EAH	Employer Assisted Housing
EHW	Employee Health and Wellness
EIP	Environmental Implementation Plan
EMT	Executive Management Team
FLISP	Finance Linked Individual Subsidy Programme
FOSAD	Forum for South African Director-Generals
FSIHS	Framework for Spatial Investment for Human Settlements
GEHS	Government Employee Housing Scheme
HCT	HIV Counselling and Testing
HDA	Housing Development Agency
HDI	Historically Disadvantaged Individuals
HLAMDA	Home Loans and Mortgage Disclosure Act
HSDG	Human Settlements Development Grant
HSS	Housing Subsidy System
ICT	Information and Communication Technology
MEIA	Monitoring, Evaluation and Impact Assessment
MinMec	Minister and Members of Executive Committee

MSP	Master Spatial Plan
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NCOP	National Council of Provinces
DHS	Department of Human Settlements
NHBRC	National Home Builders Registration Council
NHFC	National Housing Finance Corporation
NMBM	Nelson Mandela Bay Metro Municipality
NURCHA	National Urban Reconstruction and Housing Agency
NUSP	National Upgrade Support Programme
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PHP	People's Housing Process
PMDS	Performance Management Development System
RHLF	Rural Housing Loan Fund
SACN	South African Cities Network
SACSSP	South African Council for Social Service Professions
SADC	Southern African Development Community
SALGA	South African Local Government Association
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SHRA	Social Housing Regulatory Authority
SITA	State Information Technology Agency
SMME	Small Medium Micro Enterprise
SONA	State of the Nation Address
TB	Tuberculosis
UISP	Upgrading of Informal Settlements Programme
UNFCCC	United Nations Framework Convention on Climate Change
USDG	Urban Settlement Development Grant

3. FOREWORD BY THE MINISTER

"BASED ON THE NATIONAL DEVELOPMENT 2030 VISION OF ENSURING THAT ALL CITIZENS HAVE AFFORDABLE ACCESS TO SERVICES IN QUALITY ENVIRONMENTS WITH CITIES AND HUMAN SETTLEMENTS..."

It is with great pleasure and a deep sense of accomplishment that I present to you the 2016/17 Annual Report of the Department of Human Settlements (DHS). This report to Parliament outlines and presents the performance of the Department against set and approved strategic objectives, targets and outputs for the financial year 2016/17. At the core of the strategic intent of the Department is to ensure that we strive to meet our Constitutional mandate – which is to ensure the right to adequate housing for South Africans and all those who live in our country. The 2016/17 financial year has been a year of mixed fortunes for the Department on a number of fronts. The regional and global leadership role played by South Africa in the adoption of the New Urban Agenda at the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) and in providing infrastructure and basic services for citizens as part of restoring their dignity must be considered a highlight. We were able to do so through collaborative efforts with other sectors of departments, municipalities and the private sector.

Based on the National Development 2030 vision of ensuring that all citizens have affordable access to services in quality environments, with cities and human settlements which are integrated, safe and sustainable, the New Urban Agenda (NUA) reaffirmed the global commitment to sustainable urban development and is a critical step for realizing sustainable development in an integrated and coordinated manner. The NUA reaffirms the developmental policy logic which resulted in the implementation of the Breaking New Ground Policy. Thus the Department, during the course of the financial year, accelerated the planning and implementation of BNG by initiating projects that will serve as catalysts for spatial transformation, equity and justice. In doing the work, we the Department remain conscious of the government obligation to ensure that all citizens are provided with reasonable access to shelter. We thus took concrete steps to reaffirm and bed down the firm housing and human settlements development agenda and trajectory of BNG, as restated in the National Development Plan.

In implementing the plans, we placed emphasis on radical socio-economic transformation which is still at the centre of our programmes. Thus we ensured that women- and youth-owned entities participate in human settlements development. This has also been demonstrated by prioritising the eradication of the title deeds backlog programme, which is basically about retrofitting the past and ensuring that households in the subsidy market live in established settlements and also are able to participate in the property market. During the year under review, we upgraded a significant number of informal settlements, up-scaled the social and rental housing programmes and enabled households to transact in the market. On the aforementioned, the gazetting of the Property Practitioners Bill is an important milestone in the plan to transform participation, ownership and management of the property market to reflect the totality of South African society. With all the work that the Department and the sector partners have delivered during 2016/17, we remain committed to the mandate of especially ensuring that poor and middle income households live in habitable environments.

I am pleased to present the 2016/17 Annual Report which complies with all statutory reporting requirements, particularly section 40(1) of the Public Finance Management Act (PFMA), 1999, and paragraph 18 of the National Treasury Regulations.

L N SISULU, MP
Minister: Department of Human Settlements

4. DEPUTY MINISTER'S STATEMENT

"EMPOWERING WOMEN AND YOUTH IN THE BUILT ENVIRONMENT REMAINS AT THE CENTRE OF OUR PRIORITIES "

Empowering Women and Youth in the built environment remains at the centre of our priorities. The 2016/17 financial year saw a considerable increase in our contribution as the Department of Human Settlements towards building the capacity of women and youth, equipping them with skills that allow their participation in economic development initiatives within the built environment industry. In the year under review, we succeeded in ensuring that we engage with the Department of Military Veterans and concluded a coordinated plan to deliver housing for military veterans. We also strengthened the participation of cooperatives in our human settlements development programmes.

Z KOTA-FREDERICKS
Deputy Minister:
Department of Human Settlements

5. REPORT OF THE ACCOUNTING OFFICER

"WITH THE BUDGET OF R30 BILLION THAT WAS ALLOCATED TO THE DEPARTMENT OVER THE PAST YEAR, THE DEPARTMENT DELIVERED A TOTAL OF APPROXIMATELY 148 000 HOUSING..."

The legal mandate and core business of the Department of Human Settlements is to provide adequate housing in quality environments. The mandate is informed by Section 26 of the Constitution of South Africa, which affords everyone the right to have access to adequate housing and requires the State to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right. To give effect to these constitutional housing rights and the need for the Department to take into cognisance other embedded rights such as the right to an environment that is not harmful to health or well-being (Section 24), the right to clean water (Section 27) and the right to property (Section 25), the Department has over the past year intensified its efforts by providing citizens with access to basic services despite the pressures on the country's infrastructure which are as a result of the increased urbanization. The Department has for the MTSF period intensified its efforts to ensure that Human Settlements Grants are utilised for the purpose that prioritises and benefits poor households. This has been achieved through the provision of access to basic services to approximately 260 000 households living in informal settlements. In addition, the implementation of the People's Housing Process has contributed to the involvement of beneficiaries in decision making towards building of their own homes, promoting a culture of involvement, establishing and strengthening partnerships to address common challenges facing the human settlements sector.

As part of our Human Settlements function that requires us to coordinate the delivery of sustainable human settlements in quality living environments, we intensified consumer education which is a critical element of our work that enables beneficiaries to appreciate the house as an asset and understand the benefit of owning a house and how they can use it to generate wealth. Even though we report on progress made in implementing our programmes, challenges relating to the issuing and transfer of title deeds still exist. The Department has put mechanisms in place to address these challenges by institutionalising the process of issuing title deeds and assigning capacity to each province to oversee the process. Furthermore, we are working with the Department of Rural Development and Land Reform Deeds Registries to ensure that the backlog in issuing title deeds is resolved. Thus we embrace the ethos of the National Development Plan (NDP) to undo the colonial and apartheid planning system and to transform the human settlements sector and space economy into liveable, sustainable settlements that support economic growth and foster social cohesion.

As part of our commitment and strategy to support the development of a functional and equitable residential property market, we initiated the consolidation of our three development finance institutions into a human settlements bank that will provide housing finance to people in low and middle income households who are earning too much to qualify for a BNG subsidy house, but not enough to secure mortgage bonds from retail banks. The Human Settlements Development Bank will also provide finance to emerging black entrants into the property sector, and contribute in scaling up delivery of the finance linked individual subsidy (FLISP).

With the budget of R30 billion that was allocated to the Department over the past year, the Department delivered a total of approximately 148 000 housing opportunities comprised of top structures and serviced sites which benefited poor households, the majority of whom are elderly citizens, women and child-headed households. This is despite the sluggish economic conditions that have seen an increase in building material prices and high interest rates. In response to the NDP proposals to restructure the towns and cities, the Department approved a total of about 47 catalytic projects which will serve as a vehicle to drive spatial transformation and benefit those in the low and affordable housing sub-markets.

Even though we envisaged delivering more housing opportunities for this period, we find solace in the fact that we made an indelible mark towards the eradication of the housing backlog and restored the dignity of many households by moving them out of the conditions of squalor into spaces that promote their security, comfort and overall wellbeing. We remain committed towards improving institutional capacity and coordination for better spatial targeting. Hence we are placing a heightened focus on skills acquisition across the sector. This is implemented through a continuous incubation programme by the NHBRC that allows participants to take part as service providers in the built environment. We also funded a number of students who are studying towards obtaining built environment qualifications in various institutions of learning. Going forward, our delivery trajectory will scale up and accelerate the issuing of title deeds, the provision of affordable rental accommodation and the upgrading of informal settlements.

OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

Departmental Receipts

The departmental receipts only emanate from the administrative activities relating to the commission earned on the payroll withholdings, staff members' car parking, telephone usage refunds and garnishee orders. The Department does not render any direct services to the public, therefore there is no policy on tariffs that is applicable and there were no free services rendered by the Department. Bad debts are written off in terms of the Debtors Management Policy of the Department. During the year under review, debts amounting to R65 000 were written off. The following table represents a summary of the departmental receipts for the year under review:

	2016/17			2015/16		
Departmental receipts	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	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licenses	-	-	-	-	-	-
Motor vehicle licenses	-	-	-	-	-	-
Sale of goods and services other than capital assets	207	204	3	211	202	9
Transfers received						-
Fines, penalties and forfeits						-
Interest, dividends and rent on land	12	20	-8	430	166	264
Sale of capital assets						-
Transactions in financial assets and liabilities	545	315	230	500	869	(369)
Total	**764**	**539**	**225**	**1 141**	**1 237**	**(96)**

The interest received is lower than the previous year due to the transfer of the South African Housing Fund (SAHF) from the Reserve Bank to National Treasury, which resulted in the Department no longer receiving interest on the balance of the SAHF. The reduction in transactions in 2016/17 from 2015/16 in financial assets and liabilities can be attributed to the balance of R440 000 which was returned by South African Cities Network (SACN) in the 2015/16 financial year.

Programme Expenditure

Programme name	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	455 459	420 897	34 562	435 251	411 074	24 177
2. Human Settlements Policy, Strategy and Planning	92 275	86 600	5 675	77 493	75 738	1 755
3. Human Settlements Delivery Support	217 685	151 742	65 943	166 690	120 796	45 894
4. Housing Development Finance	29 930 937	29 927 992	2 945	29 863 947	29 426 936	437 011
Total	**30 696 356**	**30 587 231**	**109 125**	**30 543 381**	**30 034 544**	**508 837**

The Department's total expenditure for the period ending 31 March 2017 was R30.5 billion, representing approximately 99.6% of the allocated funds. The under-spending of R109 million translates into 0.4% of the total allocation.

REASONS FOR UNDER-SPENDING

Programme 1: Administration

The Programme underspent by 7.6% or R34.5 million. The under-spending is attributed to the employees' compensation budget that was not spent entirely due to unforeseen delays experienced in the filling of vacant positions. This was further exacerbated by compensation budget cuts for the MTEF. Further under-spending can be attributed to a payment of R13.4 million to SITA, being rejected due to incorrect bank details supplied by SITA.

Programme 2: Human Settlements Policy, Strategy and Planning

Under-spending of 6.2% or R5.6 million has been as a result of delays in filling vacancies, which is also due to management of funding shortages over the MTEF, hence the department prioritised the filling of only critical positions. A further contributing factor has been the delay in finalising the review and rewrite of the Govan Mbeki Awards framework and implementation plan.

Programme 3: Human Settlements Delivery Support

The Programme underspent by 30.3% or R65.9 million, which can be attributed to under-spending on compensation of employees. This was due to a once-off allocation of R25 million for project support which could not be used due to a shortage on compensation of employees over the MTEF which limits the number of positions that can be filled. The under-spending can further be attributed to under-spending on goods and services which can be attributed to the following:

- The National Upgrading Support Programme (NUSP) underspent by R8.1 million. This can be attributed to contracts that ran behind schedule due to slow responses from municipalities to approve work done by the Department. This can be attributed to pre and post the local government elections in August 2016, which impacted on the availability of Ward Councillors and Municipal Officials to assist in local municipal support of the completion of the field work associated with the household count, socio-economic survey and the required participatory planning process within the informal settlements.
- The Housing Subsidy System (HSS) located in this programme underspent by R13.2 million. The reason for under-spending is that SITA did not provide the required services as per service level agreement, and the Department thus could not make payment.

Programme 4: Housing Development Finance

The Programme marginally underspent by R2.9 million. The Programme consists mainly of conditional grants and transfer payments to institutions and the underspending can mainly be attributed to the non-filling of vacancies, a reduction in travel due to the closure of Parliament for the Local Authority elections as well as delays in the paying of the board members for the Office of Disclosure.

Virements and Rollovers

Rollovers amounting to R17.5 million were approved, which consist of the following:

- R10 million for the renewal of Microsoft Licenses.
- R7.5 million for the purchasing of computer network switches.

Virements during the Adjustment Estimate			
From	To	Amount	Reason
Programme 3: Human Settlements Delivery Support	**Programme 1:** Administration	R284 000	To fund the appointment of a service provider to assist with the drafting of the consolidated Development Finance Institution (DFI) legislation
Programme 4: Housing Development Finance	**Programme 2:** Human Settlements Policy, Strategy and Planning	R5 million	To fund the review of Guidelines for Human Settlement Planning and Design (Red Book)
Programme 4: Housing Development Finance	**Programme 3:** Human Settlements Delivery Support	R5 million	To fund the appointment of a service provider to provide technical assistance for the consolidation of the Development Finance Institutions

Virements after adjustment budget			
From	To	Amount	Reason
Programme 3: Human Settlements Delivery Support	**Programme 1:** Administration	R600 000	Funding to appoint a service provider for the drafting of the Rental Housing Amendment Act Regulations
Programme 1: Administration	**Programme 3:** Human Settlements Delivery Support	R3.5 million	To fund budget shortages in the hosting of the Govan Mbeki Awards and increased external travel costs required due to the hosting of the Habitat III Thematic Meeting on Informal Settlements as well preparations for Habitat III Conference in Quito
Programme 1: Administration	**Programme 3:** Human Settlements Delivery Support	R1.7 million	To fund budget shortages in the hosting of the National Human Settlements Conference
Programme 3: Human Settlements Delivery Support	**Programme 2:** Human Settlements Policy, Strategy and Planning	R713 000	To fund shortages in membership fees for UN-Habitat

Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2016/17
		R'000
Late payment of employee and employer pension fund contribution	Still under investigation	13
Interest paid on arbitration award	Still under investigation	3
Leasing of vehicles by the Department		1 611
Vehicles - relating to prior year identified in current year		960
Total		2 587

Future Plans of the Department

In response to the objectives and mandate of the Department derived from the Constitution, the National Development Plan and MTSF as well as the strategic intent of government to achieve radical socio-economic transformation, the Department plans to prioritise and focus on the following:

1. Accelerate the issuing of title deeds which is an enabler for households to participate and transact in the residential property market.
2. Women and youth empowerment programmes will be accelerated as they will enable these groups to participate fully in human settlements programmes that deliver technical capacity and economic benefits to them. The preferential procurement programme will also be accelerated and the Department will enforce the 30% set-aside principle that benefits black-owned companies, particularly the youth- and women-owned enterprises.
3. Ensuring the finalisation of the drafting and enactment of the Human Settlements Act, the Human Settlements Development Bank, the Property Practitioners' Bill, the Home Loan and Disclosures Amendment Act, will also add impetus to our efforts of changing the ownership patterns and of directing and transforming the economy by improving financial access into the property market and strengthening and improving the policy and legislative environment.
4. Accelerating the planning and implementation of the informal settlements upgrading programme.
5. Activation of the planning, funding and implementation of the Catalytic Projects Programme
6. The operationalisation of the Human Settlements Development Bank.
7. Consolidation of the Social and Rental Housing Programme.

Organisational Structure

With the commencement of the 2017/18 fiscal year, the Department envisions implementing a revised organisational structure whose strategic thrust is aimed at enhancing operational efficiencies, to support the Department to achieve its strategic objectives and enable the sector to deliver optimum housing opportunities.

Public-Private Partnerships

The Department partners, in conjunction with the Provinces and Municipalities, with a number of private and public institutions in the delivery of housing opportunities. This includes the engagements and related agreements the Department has had with private developers, financial institutions and other sector departments, that resulted in a review of the social contract and the recommitment by institutions and partners to support the delivery of housing opportunities as committed in the MTSF.

Discontinued activities/activities to be discontinued

No discontinued activities during the 2016/17 financial year.

Proposed Activities

There were no new or proposed activities.

Supply Chain Management

- The SCM processes and systems in place include financial delegations, policies, Instruction notes, internal SCM circulars and relevant legislation.
- The required bid committees (specification, evaluation and adjudication) are in place and members are appointed in writing by the Accounting Officer or as delegated.
- All requests for the procurement of goods and services are verified against a checklist to ensure compliance with prescripts and prevent irregular expenditure.
- When invoices are received, they are verified against a checklist to prevent possible irregular expenditure.
- When irregular expenditure is discovered, it is recorded and reported to the relevant authority for formal processes, responses and management thereof.

Challenges experienced in SCM and how they are resolved

- The quality of the bid specifications or terms of reference (ToR) is not in acceptable standard.
- Poor planning has resulted in some projects not being incorporated in the procurement plan.

The following actions were taken to resolve challenges

- Demand management plans were developed to ensure proper preparation, planning and budgeting for projects.
- Training was provided to officials and bid committees on development and framing of specifications, bid evaluation and adjudication reports.

List all unsolicited bid proposals concluded for the year under review

The Department of Human Settlements did not conclude any unsolicited bid proposals during the year under review.

Gifts and Donations received in kind from non-related parties

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

Exemptions and Deviations received from the National Treasury

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

Events after the reporting period

There were no events after the reporting date.

Acknowledgement/s or Appreciation

I wish to express my gratitude to the Minister and the Deputy Minister for their leadership and guidance in advancing the Department and the sector in general. The progress achieved is also as a result of the support and constructive partnership with other key stakeholders within the sector and the broader society, for which we are also grateful.

Conclusion

I am also thankful to our Management team and all our employees for their hard work and continued commitment in ensuring that we deliver on our obligations and commitments to the people of South Africa. I look forward to another year in which we all continue to build on our achievements and working together in finding innovative ways to overcome our challenges and ensure that the constitutionally enshrined housing right is realised.

M S TSHANGANA
Accounting Officer
Department of Human Settlements
Date: 31 August 2017

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

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

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by the National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2017.

Yours faithfully

M S TSHANGANA
Accounting Officer
Department of Human Settlement
Date: 31 August 2017

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 legislations, and include:

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

8. LEGISLATIVE AND OTHER MANDATES

The mandate and core business of the Department of Human Settlements is underpinned by the Constitution of the Republic of South Africa, and all other relevant legislation and policies applicable to Government and the Department, including the Batho Pele White Paper. In addressing the mandate for sustainable human settlements, policies, legislation and regulations were enacted to give effect to the Constitutional housing rights of all South Africans in Section 26, which provides specifically for state action required in the achievement of adequate housing, and specifically indicating that:

"Everyone has the right to have access to adequate housing and also mandating the state to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right."

In context of the Constitutional provisions, the Departmental mandate is thus 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 in the Bill of Rights, it provides for the guarantee of the right of citizens to have access to adequate housing. In Schedule 4A of the Constitution, the housing function is a concurrent national and provincial legislative competence. The Department affirms its commitment "to the full and progressive realization of the right to adequate housing", and recognizes this in the context of "an obligation to enable citizens to obtain quality housing and to protect and improve dwellings and neighbourhoods.

Acts of Parliament

The Housing Act No. 107 of 1997

The Department carries out its legislative imperatives as set out in the Housing Act, 1997. Section 2 of the Housing Act, 1997 (Act No. 107 of 1997) compels all three spheres of Government to give priority to the needs of the poor in respect of housing development (section 2(1) (a)). Part 1: Section 2 of the Act provides for the general principles applicable to housing development. Part 2: Section 3 of the Act outlines the functions of National Government. The Act recognizes the Constitutional right to adequate housing access and clarifies the State's response to this right by setting out the legal plan for the development of sustainable development of housing. It lays down general principles that apply to the development of housing by Government. It also defines the national, provincial and local government functions with regard to housing development and governs the establishment and operations of the inherited and now in final disestablishment of the South African Housing Development Board, as well as provincial boards and the financing of housing programmes.

The Social Housing Act No. 16 of 2008

The objective of this Act was to establish and promote a sustainable social housing environment; to define the functions of national, provincial and local governments in respect of social housing; to provide for the establishment of the Social Housing Regulatory Authority in order to regulate all social housing institutions obtaining or having obtained public funds; to allow for the undertaking of approved projects by other delivery agents with the benefit of public money; to give statutory recognition to social housing institutions; and to provide for matters connected therewith.

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

This Act, which has recent amendments, provides for a fair and reasonable process to evict people who unlawfully occupy land and houses. It lays the ground for the eviction process or property repossession.

The Housing Consumers Protection Measures Act of 1998 (As Amended)

This Act, which has recent amendments, aims:

- To provide for the protection of housing consumers;
- To provide for the continuance of the National Home Builders Registration Council as the National Home Building Regulatory Council;
- To provide for the registration of homebuilders;
- To provide for the enrolment of homes in order to be covered by the NHBRC Warranty Fund;
- To provide for the regulation of the conduct of homebuilders;

- To provide for the continuance of the Warranty Fund;
- To provide for claims against the Fund; to provide for the funds of the Council and for the management of those funds; and
- To provide for procurement and contractual matters in relation to the building of a home.

The Rental Housing Act No. 50 of 1999 (As Amended)

This Act repeals the Rent Control Act of 1976 and defines Government's responsibility for rental housing property. It creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market. To facilitate sound relations between tenants and landlords, it lays down general requirements for leases and principles for conflict resolution in the rental housing sector. It also makes provision for the establishment of Rental Housing Tribunals and defines the functions, powers and duties of such Tribunals.

Housing Development Agency Act No. 23 of 2008

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

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

National Environment Management Act No. 107 of 1998 (As Amended)

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

Public Finance Management Act No. 1 of 1999 (As Amended)

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

Division of Revenue Act (As Amended)

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

Intergovernmental Relations Framework Act No. 13 of 2005

Establishes a framework for national, provincial and local government to promote and facilitate intergovernmental relations and to provide a mechanism and procedure to facilitate the settlement of intergovernmental disputes.

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

To extend the powers of the Office of Disclosure to investigate public complaints on financial institutions relating to home loans; to provide for instances that constitute conflict of interest; to provide for the information required to be disclosed by financial institutions under the Act; and to provide for matters connected therewith.

Sectional Titles Management Act No. 8 of 2011

The Act provides for the establishment of bodies corporate to manage and regulate sections and common property in sectional title schemes and for that purpose, to apply rules applicable to such schemes.

Inclusionary Housing Bill

The Bill aims to promote greater social inclusion/integration and to break with highly segregated processes of built environment creation in South Africa. Boosting the supply of affordable housing is a secondary objective. The Bill aims to mobilize private sector delivery capacity for the provision of affordable housing, leverage new housing opportunities off existing stock, promote densification, and make better use of existing infrastructure.

Community Scheme Ombud Service Act No. 9 of 2011

The Community Schemes Ombud Service (CSOS) was established in terms of the Community Scheme Ombud Service Act 9 of 2011 to regulate the conduct of parties within community schemes and to ensure their good governance.

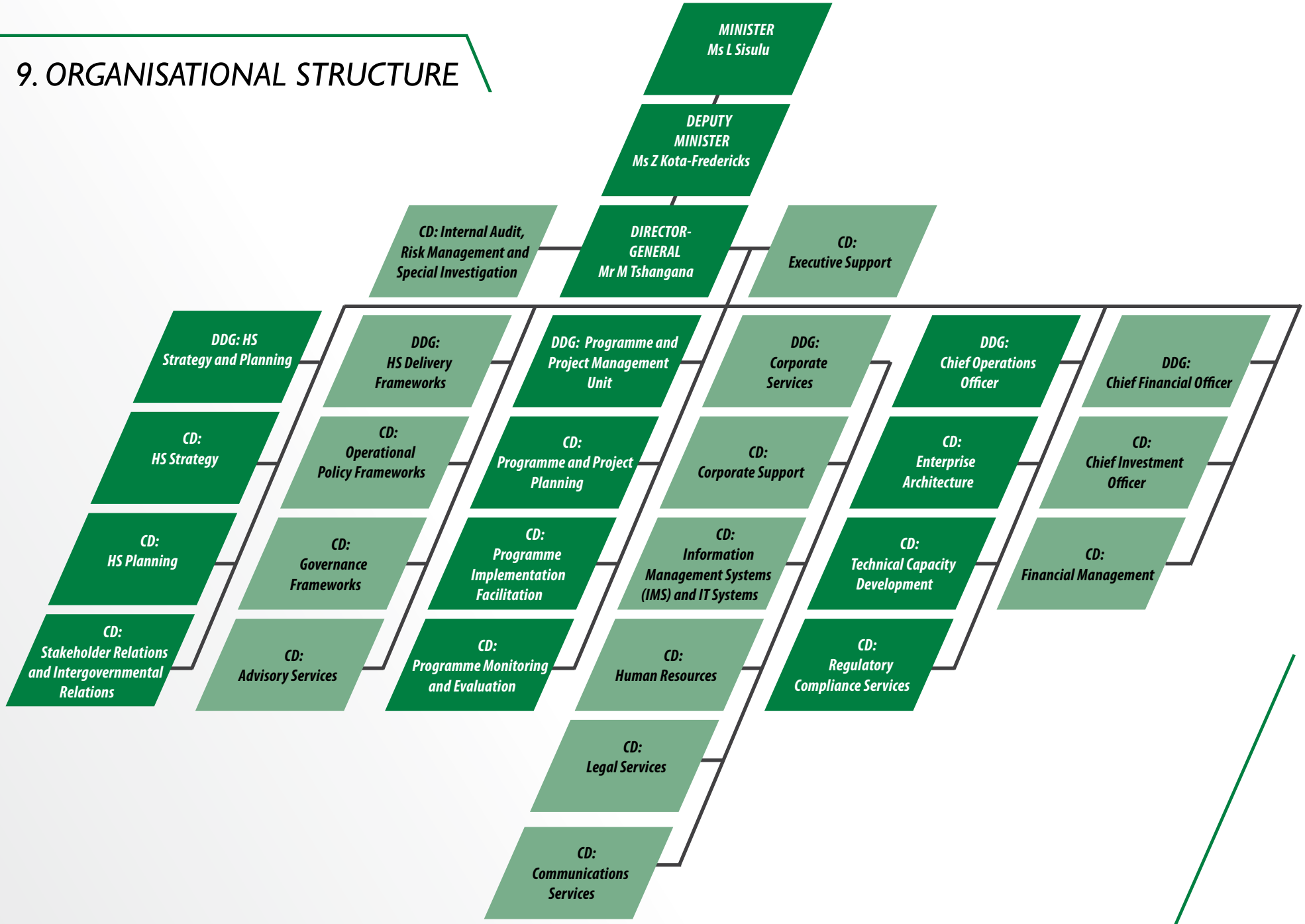
Spatial Planning and Land Use Management Act No. 16 of 2013

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

National Development Plan (NDP) Chapter 8

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

9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER

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

HOUSES • SECURITY • COMFORT

PART B:

PERFORMANCE INFORMATION

1. Report of the Auditor-General Predetermined Objectives

Refer to page **160**

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1. Human Settlements Service Delivery Environment

The Department remains committed in the implementation of the 2014 - 2019 Medium Term Strategic Framework (MTSF) in line with the National Development Plan. For the 2016/17 financial year, the Department had prioritised the following programmes:

- The scaling up of the informal settlement-upgrading programme
- The acceleration of the transfer/issuing of title deeds
- Planning and implementation of catalytic projects
- The provision of access to housing finance for the gap market
- The provision of housing for military veterans

As part of implementing the MTSF objectives, the Department evaluated the existing subsidy instruments to improve spatial investment targeting and planning for the implementation of programmes that act as catalysts for spatial, social, and economic transformation and integration. As a result, a total of approximately 45 catalytic projects were approved for implementation and these are expected to yield significant numbers of housing opportunities over the medium- to long term. These projects will drive spatial restructuring and will facilitate the connectivity of human settlements to infrastructure plans and contribute to the achievement of the 2050 vision of having transformed human settlements with citizens living in close proximity to work, with access to social facilities and essential infrastructure. To ensure that this vision is realized, the Department has in the past year focused on enhancing coordinated planning across all spheres by ensuring that municipal and provincial plans are aligned to the bulk infrastructure spending and plans for the provision of amenities which are critical for the delivery of human settlements.

During the year under review, the Department was able to account for a total of approximately 148 000 housing opportunities, delivered through the HSDG and a further 19 058 housing opportunities delivered through the USDG. These include the provision of basic services to households in informal settlements which means, for this MTSF period, 260 970 households have benefitted from the informal settlements upgrading process. In addition, municipalities were provided with technical support and 283 feasibilities were conducted to determine the suitability of the areas for development and 413 informal settlements upgrading plans were developed.

One of the priorities of the Department is the provision of shelter to the poor and vulnerable groups. The Department has in the past year provided approximately 90 000 houses from the HSDG to the poor in the subsidy market, prioritising the elderly, women-headed households and the vulnerable groups. Thus for the MTSF period, this amounts to a total number of 286 627 BNG units provided.

The Department however did not perform as expected in the delivery of houses for military veterans; a strategy to ensure that all non-statutory military veterans are housed has been developed and is being implemented. The provision of subsidy housing is also used to allow for job creation opportunities for women and youth. The Department in collaboration with the NHBRC and EAAB trained a significant number of women and youth in home builder training, the contractor development programme, the one learner one estate agent programme and artisan development. As a result, most of the prioritised groups trained are participating on various human settlements development programmes.

As part of the commitment to provide housing to the affordable housing market segment, access to housing finance for the affordable market was facilitated by the Development Finance Institutions in partnership with other financial institutions and also through the Government Employee Housing Scheme. This culminated in low- and middle-income households accessing housing finance despite the unfavourable economic conditions. For the MTSF period, 50 046 new housing units were yielded as a result of loans granted by the DFIs and the private financial institutions.

To accelerate delivery of affordable housing to the low- and medium-income households, the Department is finalising the legislative and operational establishment of the Human Settlements Bank which will improve and address the current prevailing human settlements challenges in relation to accessing credit and borrower education. It is envisaged that the bank

will extend and facilitate wholesale finance to empowered consumers for investments that promote development in underserved markets. However, it will not compete with the retail and commercial loan finance business activities of the private banking sector. Instead, it will mobilise private sector participation to unlock financial resources to cater for the needs of low-income households.

During the past year, focused interventions to accelerate delivery of affordable rental were implemented in the Social and Affordable Rental Housing Programme, including through the Community Residential Programme (CRU) and Municipal Rental Programmes. Nonetheless, the Department did not deliver as planned on the target of issuing title deeds, which remains a complex process in the housing delivery chain. During the 2016/17 financial year, a total of 67 449 pre- and post-1994 title deeds were issued. This totals 187 000 pre- and post-1994 title deeds issued during this MTSF period. The greatest challenge, which impacts the slow pace of issuing of title deeds, includes delays in proclamation and resolution of land rights. The process is further hampered by missing information of beneficiaries who cannot be traced and, in some instances, by family disputes that cannot be resolved because the owner is deceased. As a result, the Department has put measures in place by ensuring that each province has a dedicated office with the required capacity and a task team has been established to oversee the transfer process. The team appointed for each office will not only focus on conveyancing, but will also ensure that the unresolved town planning processed area is attended to and addressed. In addition, legislative measures have been put in place through the development and publication of the Property Practitioners Bill. This will repeal the Estate Agency Affairs Act of 1976 and will ensure that all segments of the market are transformed in order to participate in the property market.

As part of control, the Department has in the past year intensified its monitoring systems to track the impact of resultant spending by provinces, municipalities and entities. The organisational performance management has been re-designed to reflect the new approach and manner in which the Department is providing sustainable human settlements.

Challenges in the Sector

Despite the remarkable progress made in the provision of adequate housing in quality living environments, access to housing and the interplay between demand and supply remain a challenge. South Africa faces a low-income housing supply constraint across the country, with backlogs estimated at about 16.9 million households, across the income spectrum. In 2016, Statistics South Africa (Stats SA) reported that the household size had decreased to 3.3 persons and predicted that the number of households, particularly in provinces that are mostly urban, will continue to grow as the household size drops. It is also estimated that by 2020 there will be a formation of about 3.6 million new households. More than 2 million households will fall within the income category of less than R3 500 per month, which will contribute to an increasing demand for housing and government support.

High levels of unemployment (which by the end of 2016 had fallen to 26.5%) and inflationary pressures further eroded household incomes. This perpetuated an increase in the demand for housing and for government support, as consumers faced financial pressures which impacted on risk and on their credit risk profiles, thus influencing the private retail banking appetite for lending. Notwithstanding the economic challenges and the availability of end-user finance, the demand for affordable housing has expanded as the majority of the population fall within this category, and cannot access mortgages due to affordability. The country's GDP growth has fallen behind the rate of population increase, resulting in declining per capita incomes and reduced Government revenue, contributing to the State's inability to sustain spending on core social and economic programmes. Furthermore, in 2016, the increase of material prices in the building industry exacerbated the problem and made the market vulnerable. This therefore had a negative influence on the delivery of human settlements and the achievement of the set outcomes.

At the centre of the challenges presented remains the effective and timely release of well located land suitable for development. Accordingly, the Housing Development Agency which is the entity established with the mandate, ensures that well located land is identified, acquired,

rezoned and released for human settlements development. Through this process, the HDA works together with a number of Government departments and the private sector, facilitating collaboration and integrated alignment for human settlements land development.

Because of the dynamic in the land markets, delivery tends to be plagued by bureaucracy and compliance delays, resulting in communities showing growing dissent over the inability of government to account for turn-around times to delivery. The sector lack of capacity to package projects at municipal and provincial level remains a challenge and places a strain on the Government responsibility to provide access to adequate housing. To address this challenge, the Department has a panel of resource teams that supports municipalities and provinces with packaging of projects and facilitating other processes that precede the delivery of the structure. To address these, the Department's focus is on supporting the entire property market and ensuring that housing is delivered in sustainable and habitable settlements. This has required the establishment of enhanced intergovernmental planning and implementation that is not only focused on delivering houses but facilitates integrated planning that supports optimal land use and stimulates private investment. Of importance is for the Department and Government broadly to ensure there is a holistic human settlements development planning and financing approach that will address issues of scale, affordability and sustainability.

2.2. Service Delivery Improvement Plan

Even though the Department did not develop a full SDIP, the Service Delivery Improvement Plan reflects the Department commitment to citizens on the level of service to be provided by the Department, and proposes the required improvements from the current level of service. The Department is ensuring that all provinces and municipalities have the needs database that will allow better planning for delivery. This initiative is also planned for at national level, as it will assist the Department in understanding and categorising the demand for housing. The Department through its commitment to provide adequate housing and transforming the residential property market, has ring-fenced funding for the eradication of the pre- and post-1994 title deeds backlog. The Department is also ensuring that title deeds are issued for the newly built subsidy houses.

Batho Pele arrangements with Beneficiaries Consultation

The Department upholds Batho Pele and puts the beneficiaries first in all its programmes. Beneficiaries are engaged at community level by the Department through the implementation of the communication strategy. The Department continues to provide and ensure access to information by beneficiaries. This is achieved by collaborating with other spheres of Government. Beneficiaries are assisted on the queries raised and there is a standing arrangement on feedback sessions that the Department convenes.

With regard to PILLAR 3 of the SDIP, the following activities were performed during the year under review:

- Conducting four (4) sessions for the Batho Pele Change Management Engagement Programme;
- Facilitating the participation of SMS members in the Project Khaedu training;
- Facilitating the participation of SMS members in the DPSA Coal Face Project Khaedu.

Main Service for Service Delivery Improvement and Standards

Main services	Actual customers	Potential customers	Desired standard of service	Actual achievement against standards
Access to information	Customers	Customers	100% attended	A total number of five (5) PAIA requests were received and attended in the following: • two (2) were granted, • three (3) were transferred
General enquiries	Customers	Customers	100% attended	28 enquiries were successfully attended

Consultation Arrangements for Customers

Type of arrangement	Actual customer	Desired service	Actual achievements
Front desk consultant	Walk-in beneficiaries	100% enquiries resolved	412 queries were received and resolved

Service Information Tool

Type of information tool	Desired service	Actual achievements
Record of queries	100% of reported fraud cases investigated and concluded within the prescribed timeframes (90 days)	100% (10 Request For Quotation Fraud Scam) cases were received, investigated and referred to SAPS for possible prosecution.

Complaints Mechanism

Complaint mechanism	Desired service	Actual achievements
Walk-in	Walk-in beneficiaries	247 queries were received and resolved which translates to 100% effectiveness

2.3. Organisational Environment

The Department embarked on a project to review its organisational structure.. The purpose of the review was to ensure the alignment of the Departmental organisational structure with the National Development Plan (NDP), the Breaking New Ground (BNG) policy, the Medium Term Strategic Framework (MTSF), and the Departmental Strategic Plan and Annual Performance Plans. Central to that, the Department experienced severe budget cuts that impacted on the filling of vacancies over the MTEF. However, the Department prioritised critical positions and the process to fill all the advertised critical positions are being concluded.

2.4. Key policy developments and legislative changes

Legislative Changes

The Department is embarking on the number of legislative reviews and amendments which, inter alia consists of repeal, replacement and amendment of the following pieces of legislation including the Housing Consumers Protection Measures Act 95 of 1998 by Housing Consumer Protection Amendment Bill and the Estate Agency Affairs Act 112 of 1976 to be repealed by the Property Practitioners Bill. There are further legislative changes proposed on the following pieces of legislation which are being amended, namely the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act 1998 (PIE), 2016 and Home Loan and Mortgage Disclosure Act of 2000 being amended, whilst the Human Settlements Development Bank Bill is under development.

3. STRATEGIC OUTCOME-ORIENTED GOALS

The Department Annual Performance and Strategic Plan include strategic outcome-oriented goals that are the drivers of change towards the achievement of sustainable human settlements. The Department is directly responsible for delivering on and coordinating the work and priorities outlined in Outcome 8 focusing on human settlements, and also makes a contribution to other outcomes. The four strategic outcome-oriented goals of the Department are aligned to the long-term goal of transforming human settlements into equitable and efficient spaces, with citizens living in close proximity to work with access to social facilities and essential infrastructure. The strategic goals set in the 2015 - 2020 strategic plan include:

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

The Department took a series of steps to achieve strategic objectives and targets that will, in the long term, result in the achievement of the strategic goals by reviewing and evaluating existing policies and programmes. The design and implementation evaluation of the Urban Settlements Development Grants (USDG) was conducted. It resulted in the development of the USDG policy that governs and guides the application of funding in respect of the USDG. The policy also guides and directs planning and application of investment in areas of deprivation, particularly informal settlements and previously disadvantaged areas. The Social Housing programme was also evaluated and this resulted in the Department's decision to review the Restructuring Capital Grant quantum and household income bands. The framework for the development of human settlements policy was developed and this will guide the review of human settlements legislation.

As part of the commitment to provide adequate housing in quality living environments, the Department ensured that households living in informal settlements are upgraded through the provision of basic services and provision of land tenure rights, where applicable. The DFIs and provinces completed a significant number of affordable rental units.

In collaboration with the Housing Development Agency, well located land was identified and acquired. It is expected that the sector will see an increase in rental housing units by utilising the hectares of land acquired for affordable housing. To improve institutional coordination and enhance sector capacity, institutional reforms have been introduced, and this includes interventions by the professional resource teams that assist in packaging projects for municipalities and provinces. To improve operations, the Department developed an improvement plan for MPAT and monitors adherence to the implementation of each key result area.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1. Programme 1: Administration

Purpose of the programme

- To provide strategic leadership and administrative support services to the Department.

Sub-Programmes

Executive Support

The responsibility for the provision of executive support lies in the Office of the Director-General and supports the Department by providing professional and executive support. The Chief Directorate is responsible for the development of systems and mechanisms for handling parliamentary questions and replies, Cabinet matters, correspondence, submissions and memoranda. It also coordinates activities within the Department to assist in steering the Department towards the achievement of sustainable human settlements and exercising good governance.

Internal Audit, Risk Management and Special Investigations

The unit performs internal audit, risk, prevention of fraud and corruption functions, monitoring appraisal activities to improve the effectiveness of control and governance processes to assist the Department achieve its strategic, operational, financial and compliance objectives. The Risk Management unit ensures that risk management and culture is embedded within the Department by creating risk management awareness, and elevating risk management to a strategic level in the Department, in order to improve the DHS's risk maturity level. The component's secondary role is to ensure that preventing and countering fraud is made an integral part of strategy, operations and administration in the Department, including the need to promote a fraud risk management culture in DHS.

Financial Management

The unit ensures effective, efficient and economic utilisation of financial resources in line with financial prescripts through the development and effective implementation of financial systems, policies, frameworks and procedures. This includes budget planning and expenditure monitoring; and the management of procurement, acquisition, logistics, asset, and financial transactions.

Enterprise Architecture

The unit is responsible for coordinating corporate planning within the organization, ensuring that departmental strategic, annual and operational plans are developed in line with the statutory prescripts and that they are aligned and responsive to the policy mandate and other strategic priorities. The unit is also responsible for ensuring that performance reporting is in line with all the plans.

Corporate Support

The unit is responsible for the provision of a secure, harmonious, transformed and conducive working environment. The unit must also ensure that the Department is compliant with vetting and security legislation, knowledge management and records management.

Human Resources

The unit ensures that the Department is able to provide a professional service through accurate, consistent and best employment practices in all its activities, which are aimed at supporting the achievement of the DHS's strategic and operational objectives. The unit is also responsible for attracting and retaining employees who share the same organisational vision; championing change and transition, with a view to being a catalyst in the transition of people and the organisation to embracing and implementing change; setting performance standards and managing performance against them; and promoting an environment that supports the personal and career development of all employees, so that they can reach their full potential and contribute better to the achievement of the Department's strategic objectives, thereby instilling a culture of service excellence.

Legal Services

The unit is responsible for providing effective and efficient legal services to the Department in order to ensure that the interests of the Department are protected against any legal risk. The Chief Directorate ensures that the Department complies with relevant legislation and takes a proactive approach to dealing with matters that potentially lead to conflict or legal challenges.

Infrastructure Management Services and Information Technology

The unit is responsible for the delivery of services that support the Department's strategic plan and individual units' objectives through the effective use of information technology (IT). Its purpose is to align the IT strategy with the business strategy to ensure that the Department achieves optimum use of its resources.

Communications

The unit is responsible for ensuring effective communication between the Department and its key stakeholders and creating awareness of the Department's key objectives and activities. The Chief Directorate profiles the work done by programmes in line with the vision and mission of the Department. It also facilitates the preparation of information that the Minister and the Deputy Minister communicate externally.

Strategic Objectives Relating to Programme 1

These objectives relate to the programme purpose and targets in the annual performance plan under review and respond to the intended output to be achieved. The strategic objectives for the programme are as follows:

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

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

During the year under review, the programme implemented a number of projects aimed at improving and achieving the objective of good governance. These include the implementation of the audit recommendations from the previous financial year's audit, facilitating the integration of risk management into departmental operations, coordinating Audit Committee meetings and ensuring that effective oversight of the operations is provided.

The programme also saw improvement in disclosures by senior management, instituted criminal investigations and implemented the Human Resource Plan. A significant number of laws were developed as part of the legislative programme of the Department. These include, The proclamation of the Community Scheme Ombuds Service (CSOS) and Sectional Tittle Scheme Management Act (STSM) Regulations, the development and publication of the Property Practitioners Bill for public comment, the drafting of the Human Settlements Development Bank Bill, the Home Loan Mortgage Disclosure Amendment Bill and the Prevention of Illegal Eviction (PIE) Act that is still in progress. Communication of departmental programmes and profiling of the work done by the Department and across the human settlements sector was profiled through the use of various media platforms.

DEPARTMENTAL 2016/17 ANNUAL REPORT AS PER APPROVED STRATEGIC AND ANNUAL PERFORMANCE PLANS

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Planned target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
PROGRAMME 1: ADMINISTRATION							
Sub-programmes: Executive Support, Internal Audit, Risk Management and Special Investigations, Financial Management and Enterprise Architecture							
Strategic objective: To promote efficient and effective administrative processes							
Percentage compliance with statutory tabling and prescripts	New target	New target	New target	100% compliance with statutory tabling and prescripts	The Department complied with statutory tabling and prescripts. This includes: The tabling of strategic plans and annual performance plans of the Department and of entities to Parliament within the prescribed time frames Ensuring adherence to the MPST processes and submission Submission of reports to National Treasury on payments within 30 days in terms of section 44 of the PFMA Submission of the annual and interim financial statements	None	Not applicable
Unqualified audit report	New target	New target	New target	Unqualified audit report	Unqualified audit report with matters of emphasis	None	Not applicable
Sub-programme: Executive Support							
Strategic objective: To promote efficient and effective administrative processes							
% adherence to Cabinet and Cluster schedule as per approved protocol	4 Reports submitted	Supporting documents on parliamentary and cabinet liaison	Not Planned	100% adherence to Cabinet and Cluster schedule as per approved protocol	All Cabinet and Cluster schedules were adhered to as planned (100%)	None	Not applicable

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Planned target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
Sub-programme: Internal Audit, Risk Management and Special Investigating Unit							
Strategic objective: To promote efficient and effective administrative processes							
% implementation of the approved audit plans	The internal audit plan reviewed, approved and implemented	The approved internal audit coverage plan has not been fully implemented. *22 out of 34 planned audits were completed	Not planned	100% implementation of the approved internal audit plan	73% of the annual audit plan was implemented	27% of the approved internal audit plan not implemented during the financial year	The plan covered the period beyond the current reporting and financial year and includes auditing of information for the Annual Report that occurs beyond 31 March in each year
Implementation of the approved risk management plan	Risk management strategy reviewed, approved and implemented	The approved risk management strategy was not fully implemented	Not in the APP	100% implementation of the approved risk management plan	88% of the approved risk management plan was implemented	12% of the approved risk management plan not implemented	Not all activities in the risk management plan were implemented
Percentage implementation of approved departmental anti-fraud and corruption	Anti-fraud and corruption strategy not approved	The anti-fraud and corruption policy, whistleblowing policy and fraud prevention plans were approved on the 26 March 2015. These documents will inform the strategy of the Department that yet to be developed.	Not in the APP	100% implementation of the approved departmental anti-fraud and corruption plan	68% of the plan implemented	32% implementation of the approved departmental anti-fraud and corruption plan not implemented as planned	Not all activities in the plan were implemented

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Planned target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
Sub-programme: Corporate Support							
Strategic objective: A capacitated and diverse workforce in a conducive working environment							
% of PAIA information requests processed	New Target	New Target	New Target	100% PAIA information requests processed	100% PAIA information requests processed.	None	Not applicable
Sub-programme: Human Resources							
Strategic objective: A capacitated and diverse workforce in a conducive working environment							
% compliance to HR Statutory Requirements	4 Reports on co-ordinated human resource services submitted	4 reports on Human Resource Administration submitted	Not in the APP	100% compliance to HR Statutory Requirements	The Department complied with 73% of the human resource statutory requirements	27% deviation	Not all timelines were adhered to, however measures have been put in place to correct the situation.
% implementation of the HR Plan	4 Reports on co-ordinated human resource services submitted	4 reports on Human Resource Administration submitted	Not in the APP	100% implementation of the HR plan	87% of the human resource plan implemented	13% of HR plan not implemented	The implementation of the HR plan is in process and the process has been rolled over to the new financial year
Sub-programme: Legal Services							
Strategic objective: Effective and efficient legal support							
Percentage of litigation matters received and attended to	4 reports on litigation and legal advisory services	4 reports on litigation and legal advisory services	Not in the APP	100% of litigation matters received and attended to	All litigation matters received were attended to as planned	None	Not applicable
Percentage of contracts processed within reasonable time frames	4 reports on oversight contract in the department developed	4 reports on contract management in the department	Not in the APP	100% of contracts processed within reasonable time frames	All contracts were processed within the reasonable timeframes	None	Not applicable

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Planned target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
Number of reports on the development of legislative framework as per approved Legislative programme	4 reports on legislative frameworks developed	Developed Legislative Programme	Not in the APP	4 reports on the development of legislative framework as per approved Legislative programme	Four (4) Reports on the development of the legislative framework as per approved legislative programme were produced, and progress made includes: - Sectional Title Scheme Management Act, 2011 (Act No.8 Of 2011) (STSM) - The Community Schemes Ombud Service (CSOS) Act (Act No.9 Of 2011) - Property Practitioners Bill, 2016 - Home Loan And Mortgage Disclosure Amendment Bill,2016 - Prevention Of Illegal Eviction From And Unlawful Occupation of Land (Pie) Amendment Bill, 2016 - Housing Consumer Protection Bill, 2016 - Drafting of the Human Settlements Development Bank Bill, 2016	None	Not applicable

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Planned target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
Sub-programme: MIS & IT							
Strategic objective: An ICT infrastructure that is reliable, secure and available							
Percentage availability of the HSS Database Systems to provinces	No baseline	No baseline	No baseline	90% availability of HSS database systems to provinces	99% of systems available to provinces.	9%	It is due to minimum disruptions on the system
Percentage availability of IT services	No baseline	No baseline	No baseline	90% availability of IT services	90% availability of IT services	None	Not applicable
Sub-programme: Communications							
Strategic objective: Promote internal and external communication on human settlements							
% implementation of the approved communication strategy	No baseline	No baseline	A departmental communication strategy on the targets and outputs related to the MTSF was implemented using various media platforms	100 % implementation of the approved communication strategy	100% implementation of the approved communication strategy achieved	None	Not applicable
Number of consumers reached through various communication platforms	No baseline	No baseline	A departmental communication strategy on the targets and outputs related to the MTSF was implemented	500 000 consumers reached through various communication platforms	7 606 078 consumers reached through various communication platforms	7 106 078 over achievement	Over achievement based on use of various media platforms

Strategy to overcome areas of underperformance:

The Human Resources unit will be monitored to ensure compliance to DPSA requirements and submission dates. The implementation of the Human Resource plan is rolling over to the next financial year, as it includes the filling of vacancies that have been prioritised.

Changes to Planned Targets:

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

Linking Performance with Budgets

1. ADMINISTRATION						
Sub-programme name	2016/17			2015/16		
	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	69 051	75 621	(6 570)	81 066	78 568	2 498
Departmental Management	81 561	63 882	17 679	63 745	56 575	7 170
Corporate Services	209 289	189 215	20 074	202 029	188 384	13 645
Property Management	47 125	47 093	32	42 077	42 039	38
Financial Management	48 433	45 086	3 347	46 334	45 508	826
Total	**455 459**	**420 897**	**34 562**	**435 251**	**411 074**	**24 177**

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

Purpose of the Programme

Manage the development of Human Settlements Policies and oversee the integrated human settlements strategic and planning services.

Sub-Programmes

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

Strategic objectives relating to the Programme

- Development of human settlements policies and programmes for improved alignment
- Establishment and strengthening of partnerships for human settlements development

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

The programme conducted and performed a number of activities that include the provision of planning support to provinces and municipalities, facilitating and coordinating the involvement of stakeholders on human settlements development, supporting provinces and metros in the implementation of PHP policy and coordinating the departmental international programme. The programmes in the housing code were reviewed, the municipal accreditation framework was revised and a policy foundation for the development of the new human settlements policy framework was developed.

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Annual target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
PROGRAMME 2: HUMAN SETTLEMENTS POLICY, STRATEGY AND PLANNING							
Sub-programme: Human Settlements Planning							
Strategic objective: Development of human settlements policies and programmes for improved alignment							
A multi-year human settlements development plan developed	No baseline	A provincial multi-year Housing Development Plan (MHDP)	The multi-year human settlements plans have been developed	A multi-year human settlements development plan developed	Multi-year Human Settlements Development Plan developed	None	Not applicable
An approved National Human Settlements Development Plan for provinces	No baseline	No baseline	No baseline	An approved National Human Settlements Development Plan for provinces	An approved National Human Settlements Development Plan for provinces	None	Not applicable
Guidelines for Human Settlements Planning and Design approved (Red Book)	No baseline	SLA between the National Department and CSIR was approved in February 2015. First transfer was done.	The framework for the revision of the Red Book has been developed	1st draft of the revised Guidelines for Human Settlements Planning and Design (Red Book) approved for consultation	First draft of the revised Guidelines for Human Settlements Planning and Design (Red Book) approved for consultation	None	Not applicable
An approved Human Settlements Master Spatial Plan	No baseline	No baseline	Housing and related Human Settlements Spatial Investment Framework	An approved Human Settlements Master Spatial Plan	Draft Human Settlements Master Spatial Plan	Human Settlements Master Spatial Plan presented to various clusters for approval	MSP approval was delayed because of the referrals by Clusters from Social, Economic and Governance and Administration Cluster, after which the Plan was not tabled to Cabinet on time.
Number of title deeds backlog eradicated	No baseline	26 279 for pre- and post-1994 title deeds issued	A scoping report to determine the extent of the backlog on titling developed	100 000 title deeds backlog eradicated	67 449 title deeds backlog eradicated	Balance of 32 551 title deeds backlog not eradicated	Delays in issuing title deeds are as a result of the complexity of the process, retrofitting of town planning processes and locating beneficiaries.
Number of hectares of well located land acquired, rezoned and released for new developments targeting poor and lower middle-income households	No baseline	A total of 2 635.1 ha of land were released for human settlements development	3 589.1 hectares of land were identified and released for human settlements development	2 455 hectares of well located land acquired, rezoned and released for new developments targeting poor and lower middle-income households	6 250.385 ha of well located land acquired	Of the total hectares acquired, 5 980 hectares are still in the process of being rezoned/ confirming the status	The process of ensuring that land is ready for human settlements development does not get to be completed in a year. It is a multi-year process that entails a number of milestones.

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Annual target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
Sub-programme: Operational Frameworks							
Strategic objective: Responsive policies and programmes							
Approved Human Settlements White Paper	No baseline	Finalisation of the White Paper will commence once the Green Paper has been approved	The BNG is the approved policy document for human settlements	A draft White Paper for Human Settlements	The drafting of the White Paper commenced and following was achieved: - A Diagnostic Report developed; - Provinces consulted and discussion document developed; - The constitution of a ToR and legal team for the development of the Human Settlements Act; - Consultation workshops with provincial departments, municipalities and specialists; - Comprehensive report on the consultations; - Report on Monitoring and Evaluation Roundtable; - Report on Finance and Funding Roundtable	Draft White Paper not completed	The target was reprioritised based on recommendations made on the draft that required further refinement and consultation
Human Settlements Code approved	No baseline	The revised Housing Code will follow the approval of the Human Settlements White Paper	No baseline	A framework for the HS Code developed	A framework for the revised Code developed	None	Not applicable
Revised Accreditation Framework	Assessments for the readiness to receive level 3 accreditation were completed for the six (6) metro municipalities	A capacity support programme for assignment and accreditation was developed	Three (3) municipalities were pre-assessed for accreditation during the financial period	Revised Accreditation Framework	Revised Accreditation Framework	None	Not applicable

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Annual target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
Sub-programme: Stakeholder and IGR Engagement							
Strategic objective: Establishment and strengthening of partnerships for human settlements development							
Number of provinces and metros supported on the implementation of PHP Policy	No baseline	Five provinces were able to deliver a total of 12 553 PHP units	Consolidation of the institutional capacity for PHP is in progress. Various provinces have been supported in the implementation of PHP and the support has yielded 8 498 PHP units.	Five Provinces and four Metros supported on the implementation of PHP Policy	Seven (7) provinces and five (5) metros supported in the implementation of the PHP Policy	Two (2) more provinces and one (1) more metro supported than initially planned	Not applicable
A report on stakeholder participation to Human Settlements Development	No baseline	No baseline	The plan to mobilise the private sector was developed, approved and applied and it includes the BASA agreement.	Mobilisation and strengthening of stakeholder participation on Human Settlements Development	Mobilised and strengthened stakeholder participation in Human Settlements Development through: - The Govan Mbeki Awards (GMA), Ministerial outreach initiatives; - Rapid responses, Social Contract and Structured Stakeholder Forums; - Through sponsorship, mobilised participation at the international forums including the following: Third United Nations Conference on Housing and Sustainable Urban Development (Habitat III); Participation of the country at: The Specialised Technical Committee on Public Service, Local Government, Urban Development and Decentralisation (Au STC NO 8); World Cities Day and Cities Alliance; Implementation of the proposed co-operation with Algeria and Cuba.	None	Not applicable

SPECIFIC KEY PERFORMANCE INDICATORS AS PER ESTIMATES ON NATIONAL EXPENDITURE (ENE)					
Programme performance indicator	Actual achievement (2015/16)	Planned target (2016/17)	Actual achievement (2016/17)	Deviation from planned target to actual achievement for (2016/17)	Comments on deviations
PROGRAMME 2: HUMAN SETTLEMENTS POLICY, STRATEGY AND PLANNING					
Number of municipalities assessed for accreditation per year	No municipalities were assessed	7	0	Deviation of seven (7)	Accreditation framework was under review and assessments are subject to adoption and approval of the framework
PROGRAMME 3: HUMAN SETTLEMENTS STRATEGY AND PLANNING					
Number of additional People's Housing Process subsidies allocated to approved beneficiaries per year	8 498 PHP units delivered	7 000	8 689 PHP units delivered	1 689	Over-performance compared to the planned numbers

Strategy to overcome areas of underperformance

The following strategies to overcome areas that were not achieved have been developed and are being implemented:

- Implementation model for the transfer of title deeds reviewed
- Measures have been put in place to manage and monitor rezoning of acquired land.

Changes to planned targets

There were no changes made to the planned targets during the year under review.

Linking performance to budgets

2. HUMAN SETTLEMENTS POLICY, STRATEGY AND PLANNING						
Sub-programme name	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/ under- expenditure	Final appropriation	Actual expenditure	(Over)/ under- expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management Human Settlements Policy, Strategy and Planning	8 357	7 561	796	7 980	7 420	560
Human Settlements Policy Frameworks	30 379	27 949	2 430	29 335	29 177	158
Human Settlements Strategy and Planning	53 539	51 090	2 449	40 178	39 141	1 037
Total	**92 275**	**86 600**	**5 675**	**77 493**	**75 738**	**1 755**

4.3. Programme 3: Human Settlements Delivery Support

Purpose of the Programme

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

Sub-Programmes

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

Strategic Objectives of the Programme

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

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

The programme has during the year under review provided technical support to a number of provinces and municipalities in support of the Informal Settlements Upgrading Programme. The work completed includes the feasibilities conducted, upgrading plans developed and a number of households provided with access to basic services. In ensuring that the planned projects are ready for implementation, the programme implemented the project-readiness matrix, which is a risk-management tool used to assess whether the projects submitted by provinces through the business plans are ready for implementation. This was followed by a consultation process with the provincial executive teams as well as project managers to highlight areas of concern and shortcoming from desk-top analysis and to reach consensus on the way forward. A further verification exercise/audit in the form of approval documentations and project site-visits was conducted in eight of the nine provinces to ensure compliance.

The programme also ensured that the Department and the Housing Development Agency manages the process of calling for proposals for catalytic projects, assessment of catalytic projects and provided oversight in the implementation of the existing projects that are catalytic in nature. Various human settlements interventions were provided to mining towns. This includes the development of spatial transformation plans for the identified mining towns and engagements with various mining companies with a view of identifying human settlement partnership projects. By the end of the financial year, the required MOUs were drafted for the following partnership projects:

- Northam Integrated Human Settlements Project – Human Settlement Catalytic Project and supported by SIP 1 – to be implemented in partnership between the National Department of Human Settlements, the Limpopo Department of Human Settlements, Thabazimbi Local Municipality, HDA, Anglo American Platinum and Northam Platinum;
- Royal Bafokeng Waterkloof Hills Estate Project – to be implemented in partnership between Royal Bafokeng Platinum, National Department of Human Settlements, North West Department of Human Settlements, Rustenburg Local Municipality and HDA.

As part of enhancing monitoring systems in the department, physical monitoring and analysis of additional data sources of active human settlements projects through the HSDG and USDG was conducted on a quarterly basis in all nine provinces and the eight metropolitan municipalities. The detailed reports in this regard were submitted to management which detailed information on projects with good quality workmanship in all provinces, i.e. those projects providing beneficiaries not only with a formal dwelling, but also with access to basic services, secure tenure and social amenities such as clinics, schools, police stations, playgrounds and public transport within reasonable proximity and also indicating those projects that were not in accordance with the expected standards. A portion of the projects were visited and contractors were enrolled with NHBRC. Part of the monitoring and verification exercise was to ensure that projects delivered based on the requirement of spatial integration and are not in the periphery. Monitoring also focused on changes on the ground which include the provision of social and economic amenities. The programme also ensured that provinces use the HSS for reporting and data verification.

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Annual target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
PROGRAMME 3: HUMAN SETTLEMENTS DELIVERY SUPPORT							
Sub-programme: Programme and Project Planning							
Strategic Objective: Provide implementation support on the delivery of adequate housing							
Number of catalytic projects implemented	No baseline	15 planned catalytic projects that addresses spatial, social and economic integration	13 catalytic projects that address spatial, social and economic integration were planned.	15 catalytic projects implemented	15 catalytic projects implemented	None	Not applicable
Number of human settlement interventions implemented in mining towns	No baseline	No baseline	23 mining towns' interventions planned	9) human settlement interventions implemented in mining towns	11 human settlement interventions implemented in mining towns.	Two (2) human settlement interventions in excess of the target	None
Sub-programme: Programme Implementation facilitation							
Strategic objective: Provide implementation support on the delivery of adequate housing							
Number of feasibilities on informal settlements conducted	No baseline	No baseline	463 informal settlements were assessed and categorised	500 feasibilities on informal settlements conducted	283 feasibilities on informal settlements conducted	217 feasibility studies were not completed	Performance on this target was affected by the local government elections. The work required interface with municipal officials and most were assigned additional responsibilities relating to the election process and were not available to confirm and endorse the work on feasibilities.
Number of informal settlement upgrading plans developed	No baseline	336 informal settlements upgrading plans developed:	76 informal settlement upgrading plans were developed	444 informal settlement upgrading plans developed	413 informal settlement upgrading plans developed	31 informal settlement upgrading plans were not developed	Performance on this target was affected by the local government elections. The work required interface with municipal officials and most were assigned additional responsibilities relating to the election process and were not available to confirm and endorse the work.

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Annual target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
Number of households upgraded to phase 2	No baseline	74 017 households	52 349 households were upgraded to phase 2 of the UISP programme	175 000 households upgraded to phase 2	75 941 households upgraded to phase 2 which include HSDG (56 343) and USDG (19 598)	99 599 households not upgraded to phase 2	The upgrading of households was delayed because of the process involved that includes the adoption of upgrading plans by the council and budgeting for the process thereof
Number of subsidy housing opportunities provided	No baseline	95 210 BNG houses	99 904 housing units were delivered	115 000 subsidy housing opportunities provided	90 692 subsidy housing opportunities provided	24 308 subsidy housing opportunities not provided	Delays in delivering has been as a result of number of processes that include the third quarter seasons where for almost two months' work is stalled
Number of affordable rental housing opportunities delivered	No baseline	11 407 affordable rental housing opportunities delivered in well located land. (8994 Community Residential Units 8994 and 2053 Social Housing.	12 097 affordable rental housing opportunities provided: • Social Housing: 3 480 opportunities • CRU: 2 152 opportunities • NHFC: 6 465 opportunities.	3 700 affordable rental opportunities delivered	5 040 affordable rental opportunities delivered	1 340 affordable rental opportunities units delivered	There was over achievement on this target
Number of community residential units (CRU) delivered	No baseline	8 994 Community Residential Units	12 097 affordable rental housing opportunities were provided, comprised of: • Social housing: 3 480 opportunities • CRU: 2 152 opportunities • NHFC: 6 465 opportunities.	6 301 of Social Housing units delivered	3 595 of social housing units delivered	2 706 social housing units not delivered	Under-performance was as a result of the process to reconstruct the organization which resulted in the development of a pipeline for projects
Number of community residential units (CRU) delivered	No baseline	8 994 Community Residential Units	12 097 affordable rental housing opportunities were provided, comprised of: • Social housing: 3 480 opportunities • CRU: 2 152 opportunities • NHFC: 6 465 opportunities.	2 000 Community Residential Units (CRU) delivered	981 community residential units delivered	1 019 community residential units not delivered	Confirming the state of readiness of projects by various role players contributed to delays and a slow pace of delivery

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Annual target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
Sub-programme: Monitoring and Evaluation							
Strategic objective: Enhanced sector monitoring and evaluation							
Percentage of projects under implementation monitored and verified	No baseline	57% of running projects monitored through physical site visits and other verification methodologies	100% of running projects monitored through physical site visits and other verification methodologies	100% of projects under implementation monitored and verified (HSDG and USDG)	96.6% of projects under implementation monitored and verified (HSDG and USDG)	3.4%	The deviation results from the USDG information that is up until quarter 3
Number of quarterly reports on the implementation of Outcome 8	No baseline	Four4 Quarterly reports on the progress with the implementation of the Human Settlements POA Delivery Agreement	Four quarterly reports on the progress with the implementation of the Human Settlements POA Delivery Agreement were published.	4 Quarterly reports on the implementation of Outcome 8	Four (4) quarterly reports on the implementation of Outcome 8	None	Not applicable
Number of evaluation studies completed	No baseline	1 impact assessment study completed: Rapid Appraisal of Outcome 8 One (1) impact assessment study at pilot stage: UISP Baseline Study	One report on the impact of Human Settlements programmes on the quality of living environments (UISP Baseline) was published.	2 evaluation studies conducted (Affordable Housing and Access)	One (1) evaluation study conducted (Affordable Housing)	One (1) evaluation study not conducted (Access)	The initial contract was cancelled and the study has been recommissioned
Number of data analysis reports on delivery trends produced	No baseline	16 data analysis reports (covering 12 data extracts) on Human Settlements project data	12 data analysis reports of Human Settlements projects funded from the HSDG were produced.	4 data analysis reports on delivery trends produced	Four (4) data analysis reports on delivery trends produced	None	Not applicable

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Annual target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
Sub-programme: Regulatory Compliance Services							
Strategic objective: Provide implementation support on the delivery of adequate housing							
Single Development Finance Institution established	No baseline	The business case for rationalization revised	The DFI consolidation project is currently in the process of being implemented and deliverables achieved include a tax amendment that has been agreed to with National Treasury	Single DFI operational integration completed	- The Minister as the designated shareholder and responsible Executive Authority of the NHFC approved the reconstitution of the Board of the NHFC - The three entities under integration are fully represented and the operational integration of the three entities has commenced - All the required legal, governance and regulatory approvals are in place for the operational integration - A draft bill for the establishment of Human Settlements Development Bank is being finalised for submission to Cabinet	Operational integration was delayed and due for completion in April 2017	Process will only be finalised when the legal, governance and regulatory approvals are in place
Number of shareholder compacts of the Human Settlements entities aligned to the MTSF targets	No baseline	No baseline	No baseline	4 Shareholder compacts of the Human Settlements entities aligned to the MTSF targets (2017/18)	Six (6) final shareholder compacts of Human Settlements entities aligned to MTSF targets submitted for approval by the Minister	Two (2) shareholder compacts	Not applicable

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Annual target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
Sub-programme: Technical Capacity Developments							
Strategic objective: Improved support and capacity for the human settlements sector							
Number youth, women, military veterans, government officials and consumers in the subsidy and gap market, trained on Human Settlements skills development programme	328 officials, 2 672 beneficiaries and 740 councillors were trained	994 councillors, 7 296 beneficiaries, 135 officials from national and provincial departments, 761 municipal officials trained	Not in the APP	22 860 youth, women, military veterans, government officials and consumers in the subsidy and gap market, trained on Human Settlements skills development programmes	21 729 officials and consumers in the subsidy and gap market, trained on Human Settlements skills development programmes	The 1 131 deviation includes information on military veterans trained	Under-performance has been as a result of military veterans training not conducted fully as planned
Number of provinces and metros supported in the implementation of capacity development programmes	4 quarterly reports were compiled, on 9 provincial departments work-shopped on the development and implementation of provincial Capacity Development Programmes and Business Plans	9 provincial departments, accredited municipalities and 6) Human Settlements entities were supported in the development and implementation of Capacity Development Business Plans		Nine (9) provincial departments and eight (8) municipalities supported in the implementation of Capacity Development Programmes	Nine (9) provinces and nine (9) municipalities supported in the implementation of Capacity Development Programmes	One (1) additional municipality supported	Extra municipality supported

SPECIFIC KEY PERFORMANCE INDICATORS AS PER ESTIMATES ON NATIONAL EXPENDITURE (ENE)					
Programme performance indicator	Actual achievement (2015/16)	Planned target (2016/17)	Actual achievement (2016/17)	Deviation from planned target to actual achievement for (2016/17)	Comments on deviations
PROGRAMME 3: HUMAN SETTLEMENTS DELIVERY SUPPORT					
Number of municipalities provided with technical assistance for informal settlement upgrading per year	91 municipalities provided with technical assistance, 21 of which fall under the Mining Towns in Distress Programme	53	63 municipalities provided with technical assistance	10 deviations	10 additional municipalities provided with technical support
Number of informal settlements assessed per year	463 informal settlements were assessed and categorised	473	283 feasibilities on informal settlements conducted	190 Informal Settlement Upgrading Programmes not developed	Delays encountered during the local government elections as municipal officials were not available for other activities relating to the scope of work
Number of additional households living in informal settlements upgraded to level 2 in terms of the Upgrading Informal Settlements Programme per year	52 349 households living in informal settlements upgraded to level 2 in terms of the Upgrading Informal Settlements Programme	189 039	75 941 households upgraded to phase 2 which include HSDG (56 343) and USDG (19 598)	122 060 households not upgraded to phase 2	An acceleration model developed
Number of subsidy housing units provided per year	99 904 additional units in the subsidy market delivered	108 017	90 692 subsidy housing opportunities provided	17 325	An acceleration model developed
Number of additional households living in affordable rental housing units per year	12 097 affordable housing opportunities provided	5 447	9 616 affordable rental opportunities delivered including all categories	4 169	Rental opportunities exceeded
Number of catalytic projects initiated per year	13 projects catalytic projects initiated	12	15 catalytic projects implemented	3	Three (3) more projects implemented

Linking performance to budgets

3. PROGRAMME: HUMAN SETTLEMENTS DELIVERY SUPPORT						
Sub-programme name	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management for Programme Delivery Support	9 240	6 837	2 403	8 623	7 533	1 090
Programme Management Unit	151 708	99 926	51 782	103 771	70 587	33 184
Chief of Operations	56 737	44 979	11 758	54 296	42 676	11 620
Total	**217 685**	**151 742**	**65 943**	**166 690**	**120 796**	**45 894**

4.4. Programme 4: Housing Development Finance

Programme Purpose

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

Sub-Programme

- Chief Investment Officer

Strategic Objective

Efficient and effective utilisation of Human Settlements grants, assessing the accessibility to housing finance and monitoring lending patterns by financial institution.
Over the past year the programme achieved the following deliverables:
Grants Management

- The grant allocation processes for the 2016/17 financial year budget were finalised and approved. The HSDG had voted funds of R18.3 billion and there was no additional funding.
- There was an approved rollover from the 2015/16 financial year of R405.6 million and the total available funds to be spent by provinces increased to R18.7 billion. A total of R18.3 billion was transferred to provinces and spending was R18.3 billion, representing 98% of the total available funds. There was no reallocation of funds during the year.
- The USDG to metropolitan municipalities had voted funds of R10.8 billion plus an approved rollover of R298.9 million, making total available funds of R11.1 billion. As at 31 March 2016, R10.8 billion was transferred. Municipalities spent a total of R5.9 billion, which represents 53.6 % of the total available funds.
- The Municipal Human Settlements Capacity Grant (MHSCG) had no allocation during the 2016/17 financial year. There was an approved rollover of R7.2 million from the 2015/16 financial year for only one municipality, namely Ekurhuleni. A total of R5.6 million was spent which is 79.2% of the total approved rollover funds. National Treasury has discontinued this grant and, instead, up to 3% of the USDG may be used to fund municipal capacity in the built environment.
- The HLAMDA and its supporting tools were implemented. Information from financial institutions was collated and analysed in terms of provisions of the Act. An annual report on the lending patterns and practices by financial institutions was prepared and submitted to the Minister in terms of the requirements of the Act. The quarterly reports on the performance of financial institutions and their lending patterns on home loans were submitted to the Minister. The HLAMDA Amendment Bill was gazetted in Government Gazette Notice 247 of 2017 for public comments to finalise the amendment in terms of legislative requirements.
- The performance assessment of the State finance products such as FLISP was undertaken. The analysis revealed that FLISP had a lot of challenges and did not perform as expected. Improvement has been observed in the reporting of data as provinces make use of HSS to capture delivery data to improve the quality of information submitted to the Department as required by the Division of Revenue. To improve delivery of FLISP, it was recommended that the FLISP Policy be enhanced.
- On Employer Assisted Housing, engagements were undertaken with employers such as Anglo Platinum, Royal Bafokeng Mines, Arcelormittal and SASOL to promote Employer Assisted Housing and FLISP for their qualified employees. Analysis of the employers' contribution towards the creation of good living conditions of their employees was conducted.

  Development Finance Institutions (RHLF, NURCHA, and NHFC) were monitored in terms of their five-year MTSF target, which is to have a 20% increase on 192 753 loan transactions by 2019. From the beginning of the 2014/15 until the 2016/17 year, NHFC achieved 78 702 rental affordable units, including FLISP. The NHFC therefore achieved a 164% for the total five years. For the same period, RHLF achieved 125 487 incremental rural housing units. This accounts for 54% the total five-year target. The NURCHA provided funding to build and service 5 771 sites. This is 48% of the five-year target.

Programme performance indicator	Actual achievement (2013/14)	Actual achievement (2014/15)	Actual achievement (2015/16)	Annual target (2016/17)	Actual performance (2016/17)	Deviation from planned target for (2016/17)	Comments on deviations
PROGRAMME 4: HOUSING DEVELOPMENT FINANCE							
Sub-programme: Chief Investment Office							
Strategic objective: Efficient and effective utilisation of human settlements grants, and monitoring lending patterns by financial institution							
Approved Human Settlements Grants Frameworks	No baseline	No baseline	The grant framework was approved by December 2015, which is within the financial year period.	Approved Human Settlements Grants Framework	Human Settlements Grants Framework approved	None	Not applicable
Number of reports on HSDG and USDG quarterly performance reports	Quarterly and annual reports on the performance of the HSDG and USDG	Quarterly and annual reports on the performance of the HSDG and USDG	Annual and quarterly reports on HSDG, USDG and MHSCG were produced and submitted	4 HSDG & USDG quarterly performance reports	Four (4) HSDG and USDG quarterly performance reports	None	Not applicable
Approved annual report on the performance of financial institutions and their lending patterns	3 reports on the lending practices were produced and submitted	2 reports on home loans lending patterns and practices by financial institutions submitted	Annual report on the performance of financial institutions and their lending patterns on home loans produced	Annual report on the performance of financial institutions and their lending patterns	Annual report on the performance of financial institutions and their lending patterns	None	Not applicable
Revised State finance products for the affordable submarket	No baseline	No baseline	Four performance reports analysis on the State finance products for the gap submarket were produced	State finance products for the affordable market revised	Revision of the State finance products not concluded as the physical integration for DFIs is still in process	Revision not concluded	Target reprioritised as part of the integration of the DFI's

SPECIFIC KEY PERFORMANCE INDICATORS AS PER ESTIMATES ON NATIONAL EXPENDITURE (ENE)					
Programme performance indicator	Actual achievement (2015/16)	Planned target (2016/17)	Actual achievement (2016/17)	Deviation from planned target to actual achievement for (2016/17)	Comments on deviations
PROGRAMME 4: HOUSING DEVELOPMENT FINANCE					
Number of finance linked individual subsidy programme subsidies allocated to approved beneficiaries per year	2 253 FLISP subsidies allocated to approved beneficiaries	17 231	2 660	14 571 deviance	Under-performance experienced due to: - The sluggish economic performance of South Africa - High inflation eroding disposable income - Over-indebtedness of consumers
Total value of finance linked individual subsidy programme subsidies allocated to approved beneficiaries per year	R107 311	R422 m	R90 065 m	R332 m deviance	Low disbursements as a result of low approvals

Linking performance to budgets

4. HOUSING DEVELOPMENT FINANCE						
Sub-programme name	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management Housing Development Finance	3 706	2 137	1 569	1 186	1 036	150
Chief Investment Officer	21 377	20 001	1 376	20 234	19 974	260
Human Settlements Development Grant	18 283 991	18 283 991	-	18 302 675	18 302 675	-
Urban Settlements Development Grant	10 839 468	10 839 468	-	10 554 345	10 554 345	-
Municipal Human Settlements Capacity Grant				100 000	100 000	-
Contributions	782 395	782 395	-	885 507	448 906	436 601
Total	**29 930 937**	**29 927 992**	**2 945**	**29 863 947**	**29 426 936**	**437 011**

5. TRANSFER PAYMENTS

5.1. Transfer Payments to Public Entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
The Estate Agency Affairs Board (EAAB)	a) Regulate, maintain and promote the standard of conduct of estate agents having due regard to the public interest; (b) Issue fidelity fund certificates to qualifying applicants; (c) Prescribe the standard of education and training of estate agents; (d) Investigate complaints against estate agents and institute disciplinary proceedings against offending estate agents where required; and (e) Manage and control the Estate Agents Fidelity Fund.	EAAB does not receive financial assistance from the NDHS	-	- 4 168 youth placed on the One Learner One Estate Agent programme; - 11 580 000 consumers reached through radio awareness; - 60 consumer awareness campaigns performed.
Community Schemes Ombud Services (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 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	R39.5 million	R39.5 million	- 509 applications for dispute resolution were finalised, while 338 were resolved through conciliation - The Revenue Management Framework has been approved - Schemes governance strategy/framework was approved.
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	R157.51 million (R110.16 million operational grant, R10 million for National Upgrading Support Programme, R37.35 million for catalytic projects)	R124.19 million	- 6250.385 ha of land released for human settlement development - 9 provinces provided with capacity support as per MTOPs and business plans - 356 informal settlements assisted with technical support - 22 Mining Towns' projects provided with technical support - Approved framework for Spatial Investment for Human Settlements (FSIHS) based on the draft Master Spatial Plan (MSP)

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
National Housing Finance Corporation (NHFC)	- 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 mobilize funding into the human settlement space, on a sustainable basis, in partnership with the broadest range of financial institutions; - Additionally, it was assigned by the Department in September 2011 to implement Finance Linked Individual Subsidy Programme (FLISP) with provincial Human Settlements Departments.	R100 million	R197 million in loans advanced for social housing and private rental housing	- Creation of 36 153 housing opportunities, transforming the lives of 137 381 beneficiaries. Creation of 8 802 job opportunities. - Strategic partnerships to leverage private sector funding and achieve scale mobilised R1.6 billion into the sector. - Financed 3 556 Social Housing units. - Issued 13 801 loans for Private Rental Housing units. - Issued 50 968 incremental housing loans. - 3 051 affordable FLISP housing financed
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	-	- Conducted a total of 667 976 inspections in the non-subsidy sector; - Conducted a total of 583 919 inspections in the subsidy sector; - Registered 12 797 homebuilders; - Renewed registration of 45 727 homebuilders; - Enrolled a total - 51 716 homes in the non-subsidy sector; - 1 692 homebuilders trained and - 2 436 of youths to be trained.
The National Urban Reconstruction and Housing Agency (NURCHA)	- NURCHA is an innovative development finance company providing bridging and development finance to contractors and developers involved in the development of subsidy and affordable housing	NURCHA did not receive financial assistance from NDHS in the period under review	-	- Signed 39 contracts in the affordable housing market; - 6 513 houses and sites are signed in contracts; - Signed 75 contracts in the subsidy housing market; - 26 774 houses and sites signed in contracts in the subsidy housing market; - 10 contracts signed in the development of infrastructure and community services.

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Rural Housing Loan Fund (RHLF)	- To provide access to housing credit to low income rural households in order to enable them to improve their housing and living conditions; - To provide loans through retail intermediaries to its target market to be utilised for incremental housing purposes. - To use loans for fixed improvements - new houses, extensions, utilities connections, fencing, and water harvesting and land purchases; and - To support the implementation of the Comprehensive Rural Development Programme.	RHLF did not receive financial assistance from NDHS in the period under review		- 39,790 incremental loans disbursed to end-users
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; and - To ensure sustainable and regulated disbursements of the Restructuring Capital Grants (RCG) to accredited social housing institutions (capital and investment grants)	R494.86 million Operational Grant: R36.4 million Regulations Grant: R6 million Restructuring Capital Grant: R424.39 million Institutional Investment Grant: R28.07 million	R362.86 million	- 66 074 Social housing units under regulation - 38 social housing institutions accredited - 138 social housing institutions were re-accredited - Delivered 8 165 social housing units for the MTSF period

5.2. Transfer Payments to all organisations other than Public Entities

The table below reflects the transfer payments made for the period 1 April 2016 to 31 March 2017

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with s 38 (1) (j) of the PFMA	Amount transferred R'000	Amount spent by the entity R'000	Reasons for the funds unspent by the entity
Sub-fees: UN membership fees	International organisation	The budget allocation for membership fees supports the work of the United Nations Human Settlements Programme through annual contributions to the UN-Habitat Foundation. This is a contribution on behalf of the country	Yes	1 924	1 923	
Scholarship programme	Households	This programme supports young scholars to access scarce skills-training opportunities for housing occupations at undergraduate, diploma and B-Tech levels.	Yes	5 900	4 581	Under-spending can be attributed to delays by universities to register students due to the fee protests
CSIR	Public corporations	Review of Guidelines for Human Settlement Planning and Design (Red Book)	Yes	5 000	5 000	
Mangosuthu University of Technology	Higher education institutions	Research chair in Human Settlements		3 500	3 500	

6. CONDITIONAL GRANTS

6.1. Conditional Grants and Earmarked Funds Paid

Human Settlements Development Grant

Department/municipality to whom the grant has been transferred	Nine provinces
Purpose of the grant	To provide funding for the creation of sustainable and integrated human settlements
Expected outputs of the grant	• Number of housing opportunities created; including: - number of residential units delivered in each housing programme - number of serviced sites delivered in each housing programme - number of finance linked subsidies approved and disbursed - number of units built for military veterans • Number of individual households in informal settlements provided with access to services/upgraded services • Number of individual households in backyards provided with access to services/upgraded services • Number of properties transferred and/or title deeds issued (pre- 1994 and post-1994 backlogs and new developments) • Hectares of well located land acquired, planned and developed to create housing opportunities • Number of work opportunities created through related programmes • Number of informal settlements upgraded in situ and/or relocated • Number of women and youth service providers contracted and employed in programmes and projects • Number of socio-economic amenities delivered integrated developments in human settlements
Actual outputs achieved	As per the tables below

Province	Annual delivery targets			Delivery performance as at 31 March 2017			Variance delivery sites	Variance delivery top structure	Total variance delivery	% Performance sites	% Performance units
	Serviced sites	Top structure	Total delivery targets	Serviced sites	Top structure	Total delivery performance					
Eastern Cape	10 165	12 669	22 834	9 947	12 452	22 399	218	217	435	98	98
Free State	7 449	5 026	12 475	2 816	4 036	6 852	4 633	990	5 623	38	80
Gauteng	8 040	26 921	34 961	8 313	15 887	24 200	- 273	11 034	10 761	103	59
KwaZulu-Natal	8 311	22 112	30 423	6 408	22 523	28 931	1 903	- 411	1 492	77	102
Limpopo	4 850	8 440	13 290	4 067	10 527	14 594	783	- 2 087	- 1 304	84	125
Mpumalanga	9 875	8 418	18 293	8 182	3 538	11 720	1 693	4 880	6 573	83	42
Northern Cape	2 450	1 385	3 835	2 099	1 449	3 548	351	- 64	287	86	105
North West	7 680	12 373	20 053	5 978	9 140	15 118	1 702	3 233	4 935	78	74
Western Cape	8 530	10 684	19 214	8 533	11 140	19 673	- 3	- 456	- 459	100	104
Total	**67 350**	**108 028**	**175 378**	**56 343**	**90 692**	**147 035**	**11 007**	**17 336**	**28 3443**	**84**	**84**

Report as at 31 March 2017

Deliver variables/milestones	Annual targets		Delivery performance	
	Sites	Units	Sites	Units
FLISP		3 137		2 689
EEDBS		3 574		5 851
Rectification		3 685		4 685
Land hectares		308		1 528
Mining Towns	12 520	16 970	7 172	7 192
Disaster relief fund		1 044		127
Total	**924 704**	**28 718**	**7 172**	**22 833**

Amount per amended DoRA (R'000)	R18 283 991
Amount transferred (R'000)	R18 283 991
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the Department/municipality (R'000)	R18 336 572
Section 15(2) (a) Reasons for withholding or stopping an allocation	R63 610 000 and R52 158 000 was withheld from Free State and Northern Cape respectively. This was due to the failure by provinces to comply with section 12(6) (a) and (b).
No funds were stopped and reallocated.	
Section 15(2) (b) The extent of compliance with this Act	Compliance checks are performed on a monthly and quarterly basis. Regular visits are performed by the National Department to provinces
Section 15(2)(c) The extent that the allocation achieved its objective and outputs	On a monthly and quarterly basis, reports are analysed on the spending patterns of provinces and that the outputs are as per the Grant Framework. Quarterly performance reviews are being held whereby provinces have to account for their performances in the form of presentations on what the grant had been spent on. Provinces are also requested to submit non-financial information. This information is analysed to verify if the grant is achieving its objectives and outputs.
Section 15(2)(d) Any non-compliance with this Act, and the steps taken to address the non-compliance	The National Department did not comply with Section 10(10) which states that *"the transferring officer of the Human Settlements Development Grant may only transfer the grant to a province after the relevant receiving officer has complied by section12(6)(a) and (b)"*. On a monthly and quarterly basis the National Department perform compliance checks and in the case of non-compliance, compliance letters are sent to Accounting Officers of provinces and municipalities that do not comply with the requirements of DoRA.
Reasons for the funds unspent by the entity	- Cash flow management; - Slow procurement processes; - Non-availability of bulk infrastructure; - Lack of cooperation by municipalities; - Lack of proper beneficiary management systems/processes - Unavailability of project management systems; - Late of approval of plans.
Monitoring mechanism by the transferring department	- Analysing financial reports and provide feedback - Conducting quarterly review sessions to discuss performance matters - The performance reported to Executive Authority and MinMec for way forward - Provinces were monitored as outlined in DoRA and HSDG Framework - DORA workshops conducted in conjunction with National Treasury and CFO forums to discuss regulatory and compliance matters - One-on-one-performance engagements with provinces

Conditional Grant 2:

Urban Settlements Development Grant (USDG) Department/municipality to whom the grant has been transferred	EIGHT METROPOLITAN MUNICIPALITIES	
Purpose of the grant	The purpose of the grant is to supplement the capital revenues of metropolitan municipalities in order to support the National Human Settlements Development Programme, focusing on poor households	
Expected outputs of the grant	- Increase in bulk infrastructure capacity - Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access - Increase in land provision for informal settlement upgrading, subsidy housing, or mixed-use development in support of catalytic projects - Increased access of poor households to public and socio-economic amenities - Improved dwelling unit densities within an improved spatial integration framework	
Actual outputs achieved	Actual outputs achieved	31 March 2017
	Indicator	
	Spatial development and the built environment:	
	Number of hectares of land procured for Greenfields development	133
	Number of hectares of land proclaimed (township establishment completed)	814
	Number of informal settlements targeted for upgrading	53
	The number of households living in informal settlements targeted for upgrading	10 636
	The number of informal settlements targeted for upgrading with upgrading plans	37
	The number of informal settlements upgraded (services provided): In situ	1 178
	The number of informal settlements targeted for formalization (services provided): Relocated	
	The number of households living in informal backyard rental agreement	18 166
	Number of sites serviced	7 593
	The number of title deeds transferred to eligible beneficiaries	8 827
	Roads and storm water	
	KMs of new paved roads to be built	91
	KMs of new gravelled roads to be built	91
	KMs of new storm water drainage installed in addition to current ones	222

Urban Settlements Development Grant (USDG) Department/municipality to whom the grant has been transferred	EIGHT METROPOLITAN MUNICIPALITIES	
Actual outputs achieved (continued)	Actual outputs achieved	31 March 2017
	Access to services: Water	
	The number of water service points installed for informal settlement dwellers within a 200m radius	4 439
	The number of additional households provided with water connections	25 336
	Access to services: Sewerage	
	The number of sanitation service points (toilets) installed for informal settlement dwellers	1 262
	The number of additional households provided with sewer connections	28 660
	Access to services: Solid waste management	
	The number of additional households provided with access to weekly refuse removal	11 837
	The number of households living in informal areas with solid waste removal services	1 341 020
	The number of waste minimisation projects initiated/upgraded	95
	Access to services: Electricity	
	The number of additional households living in formal areas provided with electricity connections	32 599
	The number of additional high mast lights installed	595
	The number of additional street lights installed	851 472
	Local development and job creation	
	Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	75 204
Amount per amended DoRA (R'000)	R 10 839 468	
Amount transferred (R'000)	R 10 839 468	
Reasons if amount as per DoRA were withheld	None	
Amount spent by the Department/municipality (R'000)	R 5 965 197	

Urban Settlements Development Grant (USDG) Department/municipality to whom the grant has been transferred	EIGHT METROPOLITAN MUNICIPALITIES
Reasons for the funds unspent by the entity	- Slow procurements processes - Late processing of invoices resulting in late payments - Lack of relevant skills to oversee projects - Contractual challenges relating to tender processes - Labour disputes in respect of wages - Gang violence resulting in halting of projects - Non-performance by contractors resulting in project delays and/or stoppages
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 - Hold CFO forum - One-on-one engagement with metropolitan municipalities

BUFFALO CITY METROPOLITAN MUNICIPALITY

Department/municipality to whom the grant has been transferred	BUFFALO CITY METROPOLITAN MUNICIPALITY	
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	- Increase in bulk infrastructure capacity - Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access - Increase in land provision for informal settlement upgrading, subsidy housing, or mixed-use development in support of Catalytic projects - Increase in access to socio-economic amenities - Improved dwelling unit densities within an improved spatial integration framework	
Actual outputs achieved	Actual outputs achieved	31 March 2017
	Indicator	
	Spatial development and the built environment:	
	The number of dwelling units developed per hectare	1 939
	The number of informal settlements upgraded (services provided): In situ	1 169
	Number of sites serviced	1 614
	Access to services: Roads and storm water	
	KMs of new paved roads to be built	5
	KMs of new gravelled roads to be built	54
	KMs of roads surfaced/rehabilitated/resealed	25.153 m^2
	Access to services: Water	
	The number of water service points installed for informal settlement dwellers within a 200m radius	5
	The number of additional households provided with water connections	200
	Access to services: Sewerage	
	The number of sanitation service points (toilets) installed for informal settlement dwellers	36
	The number of additional households provided with sewer connections	1

Department/municipality to whom the grant has been transferred	BUFFALO CITY METROPOLITAN MUNICIPALITY	
Actual outputs achieved (continued)	Actual outputs achieved	31 March 2017
	Access to services: Solid waste management	
	The number of additional households provided with access to weekly refuse removal	7
	The number of waste minimisation projects initiated/upgraded	3
	Local development and job creation	
	Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	5 027
Amount per amended DoRA (R'000)	R 731 499	
Amount transferred (R'000)	R 731 499	
Reasons if amount as per DoRA were withheld	None	
Amount spent by the Department/municipality (R'000)	R 510 132	
Reasons for the funds unspent by the entity/municipality	- Lack of relevant skills to oversee projects - Slow procurements processes - Tender cancellations - Late award of tenders	
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 - Hold CFO forum	

NELSON MANDELA BAY MUNICIPALITY

Department/municipality to whom the grant has been transferred	NELSON MANDELA BAY MUNICIPALITY	
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	- Increase in bulk infrastructure capacity - Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access - Increase in land provision for informal settlement upgrading, subsidy housing, or mixed-use development in support of catalytic projects - Increase in access to socio-economic amenities - Improved dwelling unit densities within an improved spatial integration framework	
Actual outputs achieved	Actual outputs achieved	31 March 2017
	Indicator	
	Spatial development and the built environment:	
	Number of informal settlements targeted for upgrading	6
	The number of households living in informal settlements targeted for upgrading	571
	The number of informal settlements upgraded (services provided): In situ	6
	The number of households living in informal backyard rental agreement	17 724
	Number of sites serviced	2 950
	The number of title deeds transferred to eligible beneficiaries	605
	Access to services: Roads and storm water	
	KMs of roads resurfaced/rehabilitated/resealed	106 178 m^2
	KMs of new storm water drainage installed in addition to current ones	2
	Access to services: Water	
	The number of additional households provided with water connections	1 351
	Access to services: Sewerage	
	The number of additional households provided with sewer connections	1 351

Department/municipality to whom the grant has been transferred	NELSON MANDELA BAY MUNICIPALITY	
Actual outputs achieved (continued)	Actual outputs achieved	31 March 2017
	Access to services: Solid waste management	
	The number of households living in informal areas with solid waste removal services	40 366
	The number of waste minimisation projects initiated/upgraded	4
	Access to services: Electricity	
	The number of additional households living in formal areas provided with electricity connections	285
	The number of additional high mast lights installed	531
	The number of additional street lights installed	136
	Local development and job creation	
	Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	5 249
Amount per amended DoRA (R'000)	R 868 282	
Amount transferred (R'000)	R 868 282	
Reasons if amount as per DoRA were withheld	None	
Amount spent by the Department/municipality (R'000)	R 439 164	
Reasons for the funds unspent by the entity/municipality	- Municipal elections had impact on metros' performance - Delays in supply chain management processes in the appointment of service providers - SMME's disruption that resulted in stoppage - Slow procurement processes - Community protests	
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 - Hold CFO forum	

MANGAUNG MUNICIPALITY

Department/municipality to whom the grant has been transferred	MANGAUNG MUNICIPALITY	
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	- Increase in bulk infrastructure capacity - Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access - Increase in land provision for informal settlement upgrading, subsidy housing, or mixed-use development in support of Catalytic projects - Increase in access to socio-economic amenities - Improved dwelling unit densities within an improved spatial integration framework	
Actual outputs achieved	Actual outputs achieved	31 March 2017
	Indicator	
	Spatial development and the built environment:	
	Number of hectares of land proclaimed (township establishment completed)	814
	Number of informal settlements targeted for upgrading	3
	The number of households living in informal settlements targeted for upgrading	635
	The number of informal settlements targeted for upgrading with upgrading plans	3
	The number of informal settlements upgraded (services provided): In situ	3
	The number of title deeds transferred to eligible beneficiaries	311
	Access to services: Roads and storm water	
	KMs of new paved roads to be built	8
	KMs of roads surfaced/rehabilitated/resealed	13
	KMs of new storm water drainage installed in addition to current ones	6
	Access to services: Water	
	The number of water service points installed for informal settlement dwellers within a 200m radius	3
	The number of additional households provided with water connections	350

Department/municipality to whom the grant has been transferred	MANGAUNG MUNICIPALITY	
Actual outputs achieved (continued)	Actual outputs achieved	31 March 2017
	Access to services: Sewerage	
	The number of additional households provided with sewer connections	575
	Access to services: Solid waste management	
	The number of additional households provided with access to weekly refuse removal	9 417
	The number of households living in informal areas with solid waste removal services	27 783
	Access to services: Electricity	
	The number of additional households living in formal areas provided with electricity connection	323
	The number of additional high mast lights installed	41
	The number of additional street lights installed	126
	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)	R 725 003	
Amount transferred (R'000)	R 725 003	
Reasons if amount as per DoRA were withheld	None	
Amount spent by the Department/municipality (R'000)	R 544 689	
Reasons for the funds unspent by the entity/municipality	- No active participation of councillors due to elections - Delays in finalising supply chain management processes - Contractors' cash flow problems resulting in project delays	
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 - Hold CFO forum - One-on-one engagement with the municipality	

EKURHULENI METROPOLITAN MUNICIPALITY

Department/municipality to whom the grant has been transferred	EKURHULENI METROPOLITAN MUNICIPALITY	
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	- Increase in bulk infrastructure capacity - Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access - Increase in land provision for informal settlement upgrading, subsidy housing, or mixed-use development in support of Catalytic projects - Increase in access to socio-economic amenities - Improved dwelling unit densities within an improved spatial integration framework	
Actual outputs achieved	Actual outputs achieved	31 March 2017
	Indicator	
	Spatial development and the built environment:	
	Number of hectares of land procured for Greenfields development	70
	Number of dwelling units developed per hectare	161
	Number of informal settlements targeted for upgrading	10
	The number of households living in informal settlements targeted for upgrading	894
	Number of sites serviced	926
	The number of title deeds transferred to eligible beneficiaries	700
	Access to services: Roads and storm water	
	KMs of new paved roads to be built	24
	KMs of new gravelled roads to be built	10
	KMs of roads surfaced/rehabilitated/resealed	90
	KMs of new storm water drainage installed in addition to current ones	90
	Access to services: Water	
	The number of water service points installed for informal settlement dwellers within a 200m radius	18
	The number of additional households provided with water connections	339

Department/municipality to whom the grant has been transferred	EKURHULENI METROPOLITAN MUNICIPALITY	
Actual outputs achieved (continued)	Actual outputs achieved	31 March 2017
	Access to services: Sewerage	
	The number of additional households provided with sewer connections	339
	Access to services: Solid waste management	
	The number of households living in informal areas with solid waste removal services	674 385
	Access to services: Electricity	
	The number of additional households living in formal areas provided with electricity connections	12
	The number of additional high mast lights installed	14
	Local development and job creation	
	Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	2 266
Amount per amended DoRA (R'000)	R 1 890 352	
Amount transferred (R'000)	R 1 890 352	
Reasons if amount as per DoRA were withheld	None	
Amount spent by the Department/municipality (R'000)	R 815 522	
Reasons for the funds unspent by the entity/municipality	- Delays in supply chain management - Poor project and contract management - Late processing of invoices - Delays in payment of contractors - Capacity challenges, i.e. high staff turnover of engineers and lack of project managers	
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 - Hold CFO forums - One-on-one engagement with the municipality - Interventions by USDG task team	

CITY OF JOHANNESBURG MUNICIPALITY

Department/municipality to whom the grant has been transferred	CITY OF JOHANNESBURG MUNICIPALITY	
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	- Increase in bulk infrastructure capacity - Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access - Increase in land provision for informal settlement upgrading, subsidy housing, or mixed-use development in support of Catalytic projects - Increase in access to socio-economic amenities - Improved dwelling unit densities within an improved spatial integration framework	
Actual outputs achieved	Actual outputs achieved	31 March 2017
	Indicator	
	Spatial development and the built environment:	
	The number of dwelling units developed per hectare	84
	The number of households living in informal settlements targeted for upgrading	857
	The number of title deeds transferred to eligible beneficiaries	3 107
	Access to services: Roads and storm water	
	KMs of new gravelled roads to be built	27
	KMs of roads surfaced/rehabilitated/resealed	387
	Access to services: Water	
	The number of water service points installed for informal settlement dwellers within a 200m radius	2 058
	Access to services: Solid waste management	
	The number of additional households provided with access to weekly refuse removal	2 413

Department/municipality to whom the grant has been transferred	CITY OF JOHANNESBURG MUNICIPALITY	
Actual outputs achieved (continued)	Actual outputs achieved	31 March 2017
	Access to services: Electricity	
	The number of additional households living in formal areas provided with electricity connections	3 959
	The number of additional street lights installed	1 836
	Local development and job creation	
	Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	29 915
Amount per amended DoRA (R'000)	R 1 775 809	
Amount transferred (R'000)	R 1 775 809	
Reasons if amount as per DoRA were withheld	None	
Amount spent by the Department/municipality (R'000)	R 1 017 418	
Reasons for the funds unspent by the entity/municipality	- Contracts terminated due to poor performance - Late appointment of contractors - Slow procurement processes - Community protest affecting project progress	
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 - Hold CFO forums - One-on-one engagement with the municipality	

CITY OF TSHWANE MUNICIPALITY

Department/municipality to whom the grant has been transferred	CITY OF TSHWANE MUNICIPALITY	
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	- Increase in bulk infrastructure capacity - Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access - Increase in land provision for informal settlement upgrading, subsidy housing, or mixed-use development in support of Catalytic projects - Increase in access to socio-economic amenities - Improved dwelling unit densities within an improved spatial integration framework	
Actual outputs achieved	Actual outputs achieved	31 March 2017
	Indicator	
	Spatial development and the built environment:	
	Number of hectares of land procured for Greenfields development	2
	The number of title deeds transferred to eligible beneficiaries	2 810
	Access to services: Roads and storm water	
	KMs of new paved roads to be built	34
	KMs of new storm water drainage installed in addition to current ones	14
	Access to services: Water	
	The number of water service points installed for informal settlement dwellers within a 200m radius	1 257
	The number of additional households provided with water connections	2 114
	Access to services: Sewerage	
	The number of additional households provided with sewer connections	1 289

Department/municipality to whom the grant has been transferred	CITY OF TSHWANE MUNICIPALITY	
Actual outputs achieved (continued)	Actual outputs achieved	31 March 2017
	Access to services: Electricity	
	The number of additional households living in formal areas provided with electricity connection	6 179
	The number of additional high mast lights installed	9
	The number of additional street lights installed	1 467
	Local development and job creation	
	Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	1 886
Amount per amended DoRA (R'000)	R 1 539 334	
Amount transferred (R'000)	R1 539 334	
Reasons if amount as per DoRA were withheld	None	
Amount spent by the Department/municipality (R'000)	R 993 847	
Reasons for the funds unspent by the entity/municipality	- Stoppage of work by local subcontractors demanding higher rates - Contractors affected by protest actions - Political intolerance/instability	
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 - Hold CFO forums	

ETHEKWINI MUNICIPALITY

Department/municipality to whom the grant has been transferred	ETHEKWINI MUNICIPALITY	
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	- Increase in bulk infrastructure capacity - Increase in the basic services to poor households, specifically in informal settlements, including water, sanitation, electricity, refuse removal and transport access - Increase in land provision for informal settlement upgrading, subsidy housing, or mixed-use development in support of Catalytic projects - Increase in access to socio-economic amenities - Improved dwelling unit densities within an improved spatial integration framework	
Actual outputs achieved	Actual outputs achieved	31 March 2017
	Indicator	
	Spatial development and the built environment:	
	Number of hectares of land procured for Greenfields development	61
	The number of dwelling units developed per hectare	20-60
	Number of informal settlements targeted for upgrading	34
	The number of households living in informal settlements targeted for upgrading	7 265
	The number of informal settlements targeted for upgrading with upgrading plans	34
	Number of sites serviced	1 531
	The number of title deeds transferred to eligible beneficiaries	668
	Access to services: Roads and storm water	
	KMs of new paved roads to be built	20
	KMs of roads surfaced/rehabilitated/resealed	77
	KMs of new storm water drainage installed in addition to current ones	110
	Access to services: Water	
	The number of water service points installed for informal settlement dwellers within a 200m radius	264
	The number of additional households provided with water connections	20 982

Department/municipality to whom the grant has been transferred	ETHEKWINI MUNICIPALITY	
Actual outputs achieved (continued)	Actual outputs achieved	31 March 2017
	Access to services: Sewerage	
	The number of sanitation service points (toilets) installed for informal settlement dwellers	264
	The number of additional households provided with sewer connections	25 105
	Access to services: Solid waste management	
	The number of households living in informal areas with solid waste removal services	598 486
	The number of waste minimisation projects initiated/upgraded	88
	Access to services: Electricity	
	The number of additional households living in formal areas provided with electricity connection	20 027
	The number of additional street lights installed	847 857
	Local development and job creation	
	Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	4 564
Amount per amended DoRA (R'000)	R 1 885 685	
Amount transferred (R'000)	R 1 885 685	
Reasons if amount as per DoRA were withheld	None	
Amount spent by the Department/municipality (R'000)	R 856 694	
Reasons for the funds unspent by the entity/municipality	- Challenges with the supply chain management processes (i.e. late tender approval) - Shortage and affordability of well located land for human settlements projects - Protracted planning and environmental processes as well as institutional operations within the City (e.g. water use license applications) - Protracted procurement processes	
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 - Hold CFO forums - One-on-one engagement with the municipality	

CITY OF CAPE TOWN MUNICIPALITY

Department/municipality to whom the grant has been transferred	CITY OF CAPE TOWN MUNICIPALITY	
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	- Increase in bulk infrastructure capacity - Increase in the basic services to poor households, specifically in informal settlements , including water, sanitation, electricity, refuse removal and transport access - Increase in land provision for informal settlement upgrading, subsidy housing, or mixed-use development in support of Catalytic projects - Increase in access to socio-economic amenities - Improved dwelling unit densities within an improved spatial integration framework	
Actual outputs achieved	Actual outputs achieved	31 March 2017
	Indicator	
	Spatial development and the built environment:	
	The number of dwelling units developed per hectare	45
	The number of households living in informal settlements targeted for upgrading	414
	The number of households living in informal backyard rental agreement	442
	Number of sites serviced	572
	The number of title deeds transferred to eligible beneficiaries	626
	Access to services: Roads and storm water	
	KMs of roads surfaced/rehabilitated/resealed	36
	Access to services: Water	
	The number of water service points installed for informal settlement dwellers within a 200m radius	834
	Access to services: Sewerage	
	The number of sanitation service points (toilets) installed for informal settlement dwellers	962

Department/municipality to whom the grant has been transferred	CITY OF CAPE TOWN MUNICIPALITY	
Actual outputs achieved (continued)	Actual outputs achieved	31 March 2017
	Access to services: Electricity	
	The number of additional households living in formal areas provided with electricity connections	1 814
	Local development and job creation	
	Number of jobs created using the Expanded Public Works Programme guidelines and other municipal programmes	26 297
Amount per amended DoRA (R'000)	R 1 423 504	
Amount transferred (R'000)	R 1 423 504	
Reasons if amount as per DoRA were withheld	None	
Amount spent by the Department/municipality (R'000)	R 787 731	
Reasons for the funds unspent by the entity/municipality	- Community dynamics - Protest actions resulting in delays - Water Use Licence challenges - Incidence of gang violence resulting in site shutdowns	
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 - Hold CFO forums - One-on-one engagement with the municipality	

6.2. Conditional grants and earmarked funds received

None

7. DONOR FUNDS

7.1. Donor funds received

Name of donor	Danish International Development Agency (Danida)
Full amount of the funding	R1 239 689.00
Period of the commitment	2010 – 2016/17
Purpose of the funding	For professional project management fees for the installation of energy efficiency measures on the N2 Gateway Project in Cape Town
Expected outputs	Advice on the urban and architectural roof design for the implementation of energy efficiency measures, the installation of solar water heaters, the documentation of Lessons Learnt and dissemination of Lessons Learnt to provincial and municipal governments
Actual outputs achieved	1 044 housing units fitted with solar water heaters, Lessons Learnt documented, Lessons Learnt document published and disseminated by way of a pilot in the entire Western Cape
Amount received in current period (R'000)	R264 000
Amount spent by the Department (R'000)	R264 000
Reasons for the funds unspent	The unspent funds of R264 000 were returned to the RDP Fund
Monitoring mechanism by the donor	Site visits by Danida staff and international visits by members of the Danish government, progress meetings by Danida with the NDHS, and written quarterly reports and NDHS Annual Reports

8. CAPITAL INVESTMENT

8.1. Capital investment, Maintenance and Asset Management Plan

The Department is not directly involved in infrastructure projects, but implemented the following as part of its Capital Investment, Maintenance and Asset Management Plan:

- The Department has an Asset Acquisition Plan in terms of which assets are procured.
- An Asset Management unit is in place.
- A Disposal Board is functional to handle the disposal of assets.
- The Department has an Asset Register, which is updated regularly with additions and disposals.
- Physical asset verifications and spot-checks are conducted.

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DHS ANNUAL REPORT **2016/2017**

PART C:

GOVERNANCE

1. INTRODUCTION

The Department is committed to maintaining the highest standards of governance, as this is fundamental to the management of public finances and resources. As required in terms of the provisions of the Public Finance Management Act, the department has developed and implemented effective, efficient and transparent systems of financial and risk management and internal control and maintains a system of internal audit under the control and direction of an Audit Committee complying with and operating in accordance with relevant regulations and instructions.

2. RISK MANAGEMENT

The Department approved the risk management policy, strategy and plan that guides the implementation of risk management processes within the Department. Based on these policies, the Department updates it strategic and operational risk registers on annual basis to in order to identify and manage any emerging risks that might affect realisation of departmental objectives. The implementation of risk management processes is monitored and reported to the Risk Management Committee composed by executive management and chaired by an ex officio.
The Risk Management Committee meets on quarterly basis and provides guidance on risk monitoring of the risks identified for the Department and mitigating strategies thereof. The Risk Management Committee is supported by the Risk Champions Forum, which is an operational sub-committee that executes the resolutions of the Risk Management Committee and is composed of the Risk Champions representing each branch of the Department.

The activities of the Risk Management Committee are reported to the Audit Committee on a quarterly basis for the Audit Committee to independently monitor the effectiveness of the system of risk management and advise the Risk Management Committee accordingly. For this purpose, the Chairperson of the Risk Management Committee has a standing invitation on all the Audit Committee meetings and in turn, one member of the Audit Committee is a representative to the Risk Management Committee.

3. FRAUD AND CORRUPTION

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

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

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

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

The Department also established an Anti-Fraud Champions Forum (Forum) and Departmental Complaints Handling Committee (Committee) during the 2016/17 financial year. The role of the Forum is to monitor and report on the implementation of the Department's Anti-Fraud and Corruption Plan, whilst the Committee's role is to provide technical support to the Directorate on policy and legislation matters.

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

The Department adopted a Complaints Handling Procedure and Investigations Methodology to ensure uniformity in the handling/investigation of complaints.

Handling/investigation of complaints

- 60 complaints were received for the year under review.
- Trends identified included allegations of: fraud, corruption, delayed allocation of RDP houses, mismanagement of Human Settlements Development Grant funds, illegal evictions, suspect/illegal contracts and illegal fraudulent title deeds.
- 34 complaints were handled/investigated. 16 investigations were finalized and appropriate intervention measures recommended for implementation.

10 fraudulent scam cases were referred to the SAPS for criminal investigation and possible prosecution.

4. MINIMISING CONFLICT OF INTEREST

Human Resource Management has the following involvement in minimizing conflicts of interest:

- Declaration forms are issued to and completed by members of selection panels in the interview process, in which they indicate any possible conflict of interest in the form of relationships with candidates.
- When applications for approval for Remunerative Work outside the Public Service are processed, the issue of possible conflict of interest with the official duties of employees, is considered, and advised upon.
- Labour Relations conducts training on a quarterly basis, during which the issue of conflict of interest is addressed.
- The management of Financial Disclosures.
- The maintenance of a gifts register.

5. CODE OF CONDUCT

Labour Relations conducts awareness sessions, which include information on the Code of Conduct, on a quarterly basis. Employees are informed that breaches of the Code of Conduct constitute misconduct. During the year in question, no breaches of the Code of Conduct were reported to Labour Relations/Human Resources.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

7. PORTFOLIO COMMITTEES

Interface of Department of Human Settlements with Parliamentary Committees from 1 April 2016 – 31 March 2017

Parliamentary & Cabinet Interface Report

A. Meetings of parliamentary committees: interface of department of human settlements with parliamentary committees during the period 1 april 2016 – 31 march 2017

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
12 April 2016	Briefing of Portfolio Committee on Human Settlements on Strategic and Annual Performance Plans as well as Budget by the following: Department of Human Settlements (National); provincial Departments of Human Settlements (Gauteng & Eastern Cape) as well as metropolitan municipalities of Ekurhuleni, Tshwane, City of Johannesburg, Nelson Mandela Bay and Buffalo City.	- Hostel redevelopment appears to have no budget set aside by Gauteng's Department of Human Settlements; - Refurbished units that had been standing unoccupied for some time in Soweto (Diepkloof, Dube and Meadowlands); - Issue of Accreditation of metropolitan municipalities in Gauteng; - Plans to deal with lack of bulk services affecting a number of informal settlements; - Blocked projects witnessed during an Oversight visit to Gauteng in 2015; - Role of Social Housing institutions was critical in providing more rental stock as part of a broad strategy to deal with rapid urbanization; - Progress in dealing with the title deeds historical backlog; - Progress with regard to an inner city development project within the Buffalo City Metropolitan Municipality related to Duncan Village; - Status of Rectification Programme in the Nelson Mandela Metropolitan Municipality; - Clarity on projects earmarked for military veterans. **The Committee resolved that:** - Going forward it was imperative for the Gauteng Provincial Department of Human Settlements to plan properly as it had failed to implement bulk in its projects in the previous financial year due to lack of bulk infrastructure; - National Department together with the Northern Cape Provincial Department to work on a revised Annual Performance Plan for 2016/17 as well as audited work for the previous financial year.	- An option was tabled for the City of Ekurhuleni to prioritise hostel upgrading; - Improved collaboration between Gauteng province and its metropolitan municipalities on hostel redevelopment; - On Accreditation, reference was made to a Ministerial directive that metropolitan municipalities are required to demonstrate capability to deliver human settlements at scale, for Accreditation; - Gauteng MEC responsible for Human Settlements indicated that the issue of title deeds backlog was a central focus of his administration as the province's objective was to clear up the existing backlog by end of 2018/19 financial year; - Work on inner city development in Buffalo City in the Duncan Village Project was underway as well as on the road leading from the airport to the CBD through the use of the Urban Settlements Development Grant; - Eastern Cape Provincial Department of Human Settlements committed to ensure a procurement regime that was fair, transparent and equitable.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
13 April 2016	Portfolio Committee on Human Settlements briefed on Strategic and Annual Performance Plans as well as on Urban Settlements Development Grant by the following: Department of Human Settlements (National), provincial Departments of Human Settlements of KwaZulu-Natal, Free State, Limpopo, North West, Western Cape as well as metropolitan municipalities of Ethekwini and City of Cape Town.	- Blocked projects and Rectification Programme; - Urban Settlements Development Grant spending patterns and application; - Land identification and acquisition; - Expediting the eradication of title deeds. **Having been briefed by both provinces and metropolitan municipalities, the Committee resolved that:** - Issuing of title deeds be expedited; - Housing assistance for military veterans be prioritized; - Hostel redevelopment is prioritized.	- Provincial Department of KZN reported that it experienced a problem issuing title deeds for the land under the custodianship of the Ngonyama Trust. On the other hand it was possible to issue title deeds for land in urban areas. It was stated that the issue of lack of bulk infrastructure was impacting on the construction of houses in urban areas whereas other projects were stalling due to social and political unrest. There was also the issue of rural dwellers insisting on being allocated houses in urban areas, yet the issue of land for housing development was becoming more of a challenge especially with the shortage of infill land. The Provincial Head of Department also brought to the attention of the Committee, the finding of pre-1994 housing stock having not been constructed within township establishment principles. This was supported by the metro which stated that the manner in which planning was done for the pre-1994 stock was posing a major challenge, especially as it relates to the township proclamation and establishment process. This tended to be long-drawn as the metro sought to ensure formalization of the houses constructed pre-1994. With regard to the post-1994 stock, it was reported that 16 000 units were delivered successfully but at the cost of issuing title deeds. It was reported that farm residents were allocated the full 40m^2 rural houses. For military veterans, the issue had to do with whom to prioritize — the issue of the old vis-à-vis the young and this was said to be proving to be a hindrance. With regard to hostels, there was a series of killings in the hostels in and around eThekwini Metro, which impacted on delivery. It was also stated that the prevailing living conditions were not conducive to addressing human settlements-related issues, despite the fact that there was a budget set aside for Community Residential Units development with the Human Settlements Development Grant. The issues of overcrowding, violence, illegal occupation, renting of beds illegally etc. were contributory factors to the violence at hostels. On the relationship with Abahlali Basemjondolo, which was a civic forum, it was reported that a series of meetings with the structure's leadership, through the office of the MEC, was held at which service delivery-related issues were raised. It was stated that the relationship was still not satisfactory. On the relationship with the Housing Development Agency, it was reported that there has been close collaboration with the entity on some of the projects undertaken. On blocked projects, it was stressed that those projects without bulk infrastructure were not to be approved going forward. - **Free State Provincial Department:** With regard to the size of houses constructed for military veterans, it was reported that a resolution was taken by the province to "top up" the subsidy amount hence houses whose size was bigger than the 50m^2 allowed for by policy. The Committee was also informed that the issue of assistance for military veterans was located in the Premier's office. On the issue of title deeds for new developments, the subsidy quantum did not provide for the issuing of title deeds as this already factored in the development cost.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
13 April 2016 (continued)			The figures presented by the province were said to exclude the Mangaung Municipal area and that the metro was using its own funds on the issuance of title deeds. The Committee was also informed of a good cordial relationship between the two spheres. On the issue of rectification, both the province and the metro as per the Ministerial directive, undertook to comply and that there would be no more rectification undertaken going forward. The high cost of demolition of existing structures was also explained. The information and figures provided on CRUs was a report on completed units and that all projects undertaken had to be enrolled with the NHBRC. The Committee was informed of an operational agreement with the Housing Development Agency in place, which was reported to inform the project pipeline. Further, mention was made of the existence of adequate capacity within the metro as well as the presence of multi-year plans. - Limpopo Provincial Department: Regarding the issue of Malamulele, the Committee was informed that an Inter-Ministerial Committee (IMC) had been established to respond and deal with the issues affecting the area. It was also reported that there were various programmes and projects that were being implemented within the area and that quarterly inspections and assessment of progress was carried out. Regarding uncompleted units, payment was being withheld to responsible contractors and those responsible were also blacklisted. On the issue of blocked projects, the NHBRC had been appointed to audit a total of approximately 500 units targeted and the NHBRC was reported to conduct quality inspections and assurance before any payment was made to any contractor. For the 2015/16 financial year, no funds were surrendered and the province was committed to ensure that no funds would be surrendered going forward. The Committee was also informed that 2 200 title deeds had been issued to date and that going forward, a target of 3 000 had been set. Further, it was reported that the provincial MEC responsible to the Human Settlements portfolio had been issuing title deeds in Makhado recently. Regarding cross-border migration, it was stated that the province had to be recognized as a gateway to Africa, hence the influx of economic migrants from some of the neighbouring countries into the province mainly through Musina. In an effort to deal with the situation, more sites were being serviced and efforts to integrate migrants into local communities were also afoot. - North West Provincial Department: The Committee expressed appreciation of the province's planning approach, but expressed a number of concerns on a number of issues. It also stated that the presentation of the province was not as detailed. The Committee questioned the data (zeros) relating to Integrated Residential Development Programme and requested an explanation. It also raised the issue of blocked projects, as this was not presented, and the fact that nothing pertaining to the pre-1994 title deeds backlog was mentioned. The Committee also felt that there was minimal delivery on priority projects, a sign that the province was failing to meet its own targets

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
13 April 2016 (continued)			- **Western Cape Provincial Department of Human Settlements:** The Director General informed the Committee that the institutional grant subsidy was to be tabled at the next MinMec to consider possible change to the subsidy bands and that the head of the policy unit in the National Department was seized with the matter. With regard to the land in Sea Point, formerly owned by the provincial Department of Public Works, the Committee was informed that he had objected to the sale of the land, in his capacity as the provincial Head of the Department of Human Settlements at the time when the land was offered for sale. In his view, the land offered the governed an opportunity for integration as it was well located. The DG also reported that a feasibility study on the land had been undertaken with the help of the Social Housing Regulatory Authority. The DG also indicated that the metro was at 43% expenditure and the metro had under-spent by an amount of R150 million and would recommend that the funds be shifted to the province, if the metro was unable to spend the amount. The Head of Department informed the committee that the province adopted a regional approach to deal with the issue of farm residents. Regarding FLISP, this was dealt with in accordance with the Division of Revenue Act (DORA). With respect to title deeds, approximately 14 000 title deeds had been issued, though there were contested issues that still needed to be dealt with and specific targets for the Military Veterans Programme were required. In regard to informal settlements, it was indicated that there were categories of informal settlements — those that could be upgraded and those that could not be upgraded. On the issue of suitable well located land in the city, it was reported that it was in private hands (under private ownership), which made it very expensive to acquire. The HOD expressed regret on the unwillingness to release some of the land owned by the Department of Public Works, such as the Wingfield Military Base, for human settlements development. Regarding the issue of social protests in the Du Noon area, the root cause was said to be around land scarcity faced by the residents. The Committee was informed that the province was exploring the possibility of relocating communities to a piece of land close to Parklands. However, the challenge was the unintended consequence of moving people further from employment opportunities. In an effort to find and amicable solution to it, the problem was currently in discussion with developers who are owners of the land in the area. It was reported that they were not keen to release the land for low-income housing development. With regard to the Belhar Housing Project, it was started that the project had 340 sites. However the contractor was moving very slowly on the project, a development that necessitated a decision to terminate the contract. Hence the contractor was no longer on site. The province was in the process of appointing a new contractor in order to expedite the completion of the project.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
14 April 2016	Portfolio Committee on Human Settlements was briefed on Strategic and Annual Performance Plans by Department of Human Settlements and the following human settlements entities – National Home Builders Registration Council, Social Housing Regulatory Authority, National Urban Reconstruction and Housing Agency, Community Schemes Ombud Services, Rural Housing Loan Fund, National Housing Finance Corporation and Estate Agency Affairs Board.	Committee resolved that both the Department of Human Settlements and its entities: - Should accelerate the eradication of the title deeds backlog, particularly the pre-1994 stock, and that a report be presented on progress; - Department of Human Settlements together with the Housing Development Agency should report to the Committee the extent of hectares of land identified and acquired for human settlements purposes; - Should enhance consumer awareness, including efforts aimed at encouraging acceptance of alternative use of building materials, together with support for the Eric Molobi Innovation Hub in Pretoria; - Should improve inter-governmental relations, especially in relation to the land identification process; - The National Home Builders Registration Council should ensure monitoring and quality assurance. - Presentation formats should be concise, and be in accordance with the guidelines of the Audit Committee.	- To report back on land identified and acquired for human settlements purposes; - To improve inter-government relations; - To engage in programmes to enhance consumer awareness and offer education on acceptance of alternative building materials.
19 April 2016	Portfolio Committee on Human Settlements briefed by Department of Human Settlements and Community Schemes Ombud on regulations tabled in terms of the Community Schemes Ombud Regulations Services Act, 2011 (Act No. 9 of 2011), and Sectional Title Schemes Management Act, 2011 (Act No. 8 of 2011).	- Members of the Committee were to familiarize themselves with the draft regulations as well as with relevant legislation and may consult further if required. - Adoption of CSOS Regulations at the next meeting of the Committee.	Draft regulations on levies and fees pertaining to the Community Schemes Ombud Service Act, 2011 (Act No. 9 of 2011) were submitted to Parliament for approval in terms of section 29(3) of the Act during this period under review.
10 May 2016	Select Committee on Social Services briefed by Department of Human Settlements on 2016 Budget, Annual Performance Plans, Housing Subsidy Scheme, Community Schemes Ombud Service Regulations and on Housing Development Agency plans.	- Department should consider extending Urban Settlements Development Grant to secondary cities; - Reconsider formula for allocating USDG to metropolitan municipalities; - Expedite housing assistance for military veterans; - Expedite resolution of title deeds backlog; - Attend to issue of lack of services for farm communities; - Exclusion of depressed KZN mining towns from being assisted; - Progress update on White Paper process on Human Settlements; - Deal with issue around illegal occupation of houses; - In regard to CSOS, request a more substantive explanation for the formation of CSOS as well as on the proposed regulations; interaction between CSOS and municipalities on proposed levies has to take place; need to ensure adequate internal capacity at the entity.	Department to interact and engage with National Treasury on possibility of extending USDG to secondary cities; On the issue of assistance to mining towns in KZN, the declaration of mining was a Presidential Declaration. However, the Department does acknowledge that there are depressed mining towns in KZN.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
10 May 2016	Standing Committee on Appropriations briefed on Appropriation Bill by Department of Human Settlements. The briefing covered the revised Strategic Plan targets for 2015 – 2020; a summary of the Annual Performance Plan priorities and targets per programme, budget allocation as well as comment on focus areas as identified by the Committee.	- Concern over vacant posts at the Department and whether these were of strategic nature; - Lack of capacity in regard to Inter-governmental relations; - Continuing corruption and lack of consequences; - Allocated amount of R83 m for Programme related to Policy and Planning was said to be exorbitant/excessive; - Reference to Auditor-General's findings and what was being done to address issues raised; - Title deeds backlog impacting on the economic welfare of homeowners; - Annual Performance Plan of the Department must reflect desired outcomes of the Department.	- In the aftermath of budget reduction, there would be no reduction in the targeted outputs; - Department would also guard against filling vacant posts that could not be sustained financially and thus would have to prioritise posts that were critically required for the Human Settlements Development Grant and the Urban Settlements Development Grant; - Department undertook to mitigate a number of challenges related to getting provincial departments to comply with norms and standards; prioritization of MTSF targets by provinces and municipalities, integration of planning, funding and development, ensuring municipal adherence to reserving rather than disposing of well located land, improving the alignment of provincial and municipal planning, funding and implementation.
7 – 8 April 2016	Portfolio Committee on Human Settlements was invited by Minister of Human Settlements to attend and participate in the international conference on "Leading Change in the City: From slums to integrated, safe, resilient and sustainable human settlements."	The "Leading Change in the City" was a UN-Habitat-sanctioned conference in preparation of Habitat III, held in Quito, Ecuador. The Conference focused on informal settlements upgrading and development.	
16 August 2016	Select Committee on Social Services briefed by Department of Human Settlements on Community Schemes Ombud Services Regulations.	The Select Committee on Social Services having considered the draft regulations on levies and fees pertaining to the Community Schemes Ombud Service, made in terms of section 29(1) (b), (c), (d) and (e) of the Community Ombud Service Act, 2011 (Act No. 9 of 2011) and submitted to Parliament for approval in terms of section 29(3) of the Act, referred to it, recommended that the House approves the draft regulations.	The Department was requested to assist to provide the Committee with the relevant information in order to assist in the approval of the regulations and levy structure.
23 August 2016	Portfolio Committee on Human Settlements briefed by Department of Human Settlements on its Fourth Quarter Report 2015/16 (January – March 2016) as well as on its First Quarter Report 2016/17 (April – June 2016).	- Department of Human Settlements to provide more specific information of informal settlements identified for upgrading; - Progress made on the centralization of housing demand database, challenges in the housing allocation process as well as the issue illegal occupation of houses; - Poor performance in relation to Finance-Linked Individual Subsidy Programme;	The Department noted the poor performance by provinces particularly around informal settlements upgrading, title deeds programme and affordable rental/social housing. The Department together with provincial departments were requested to appear before the Committee to account.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
23 August 2016 (continued)		- Complaints regarding Intervention Team in Nelson Mandela Bay Metropolitan Municipality as well as various complaints raised by Small, Micro, and Medium Enterprises (SMMEs) and contractors; - Issue around asbestos roofing in the Northern Cape;	
30 August 2016	Portfolio Committee on Human Settlements briefed on eradication of Title Deeds backlog by Department of Human Settlements and Estate Agency Affairs Board.	- Department of Human Settlements with the two provincial departments of Limpopo and Gauteng to appear before the Committee at its next meeting; - The Department should closely monitor performance of the following programmes: - Informal Settlements Upgrading; - Title Deeds Restoration; Affordable rental/social housing; Finance-Linked Individual Subsidy Programme; Housing for Military Veterans.	Department committed to strive to deliver on its annual targets, as these would have implications towards national and long-term goals set out in the National Development Plan and Outcome 8.
6 September 2016	Portfolio Committee on Human Settlements briefed by Department of Human Settlements. Also in attendance were provincial Departments of Gauteng and Limpopo on challenges related to poor performance as it related to Urban Settlements Development Grant, Informal Settlements Upgrading, Backlog on Issuing of Title Deeds, Affordable Rental/ Social Housing and Gap Housing Market.	**In regard to Gauteng Provincial Department:** - The Committee pointed out that the report presented did not reflect state of expenditure to date of the Human Settlements Development Grant; - For the Committee, the report had glaring gaps and lacked in detail on a number of critical issues, such as number of informal settlements, community residential units, targets, housing assistance in mining areas and issuing of title deeds in each municipality within Gauteng Province. **In regard to Limpopo Province:** - Lack of projections or targets for 2016/17 financial year and achievements for 2015/16. - Clarity sought on the role of mining houses, their commitment and contribution in assisting employees with housing accommodation. - Size of housing units for military veterans which was said to be 75m^2 (floor size), a development that may set a precedent.	The National Department of Human Settlements together with the Gauteng Provincial Department to present a remedial strategy for all the programmes as well as report on progress in due course. The province provided clarity on the status of the projections in relation to the rollover funds and related targets set. On the matter of relationships with the mining houses, it was indicated that the province with the National Department was in the process of activating partnerships. The Province clarified the matter of the military veterans house sizes.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
11 October 2016 (Morning)	Portfolio Committee on Human Settlements briefed by institutions that are in support of democracy, namely Financial and Fiscal Commission, Office of the Auditor-General South Africa as well as Department of Planning, Monitoring and Evaluation.	- Need for a robust Internal Audit Team; - Attend to issues raised by Auditor-General; - Improve performance of Programme Three of the Department; - Advance implementation of catalytic projects to realize National Development Plan recommendations; - Ensure fast-track revision of the USDG policy framework; - Expedite drafting of policy on backyard dwellers; - Revision of policy on Community Residential Units including the issue of costs; - Accelerate consulting process to finalise release of a White Paper on Human Settlements, thereafter a Human Settlements Bill; - Framework to be put in place on utilization of 3 – 5% of USDG that is to be ring-fenced for capacity building within metropolitan municipalities (in light of the decision to discontinue the Municipal Human Settlements Capacity Grant); - Expedite consolidation process of Development Finance Institutions; - Ensure restoration and issuing of title deeds is implemented and fast-tracked. In this regard, Provincial Steering Committee to report on progress on the restoration of pre-1994 and post- 1994 title deeds on a regular basis.	- Department to continue to strive for clean and unqualified audits. - The Department indicated that an Audit Action Plan is in place and measures are in place to deal with the matters of financial management. - In addition the Department has mandated the HDA to expedite the matter of implementation of the Catalytic Projects Programme. - The Department committed to resolving matters related to policy, including the White Paper. - In addition Department will provide in future meeting progress on the title deeds eradication process as well as the DFI consolidation.
11 October 2016 (Afternoon)	Portfolio Committee on Human Settlements briefed by Department of Human Settlements on its Annual Report 2015/16	- Failure to meet targets on the National Upgrading Subsidy Programme; - Failure to meet the 30-day target set for processing invoices; - Need to improve Strategic Management as one of the Department's Key Performance Areas; - No mention of progress on development of Backyard Policy; - Under-spending by two metropolitan municipalities of Cape Town and Ekurhuleni; - Discontinuation of the Municipal Human Settlements Capacity Grant; - Poor performance of the Finance-Linked Subsidy Programme; - Failure to declare possible conflict of interests involving officials at the NHBRC; - Need to put systems in place in order to enhance performance of the Urban Settlements Development Grant and the Human Settlements Development Grant;	- Department committed to share with Committee the recommendations made during the workshop held on upgrading of informal settlements, as well as those contained in the Budget Review and Recommendations Report. - In addition, matters related to USDG and HSDG grant performance, FLISP, title deeds policy, improved monitoring and evaluation and policy approvals will receive attention, based on the specific matters raised by the Committee.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
11 October 2016 (Afternoon) (continued)		- Synchronisation of the Department's Annual Report with those of provinces; - Improve monitoring and oversight of the sector delivery chain as well as ensure improved efficiencies and value for money.	
25 October 2016	Portfolio Committee on Human Settlements briefed by Human Settlements (National Home Builders Regulatory Council, Community Schemes Ombud Services, Estate Agency Affairs Board & Social Housing Regulatory Authority) on their Annual Reports 2015/16.	In regard to the NHBRC: - Issue of 'repeated findings' by the Auditor-General for three consecutive financial years and what the plans are to address the situation, including timelines for such; - Irregular expenditure and poor performance as raised by the Auditor-General; - Quality of the entity's Annual Performance Plan with reference to set targets; - Problem related to procurement and contracts management and failure to adhere to the Public Finance Management Act; - Irregular expenditure to the tune of R13 million due to failure to follow Supply Chain Management prescripts; - Failure to develop an Information Technology security system and policy for the last two years; In regard to CSOS: - Imperative to have a plan in place to prevent recurrence of repeat findings as highlighted in the Auditor-General's Report; - Non-achievement of performance indicators; - Irregular expenditure; - Reasons for departure of three senior staff members; - Need for a robust interaction with Department of Human Settlements to resolve and deal with some of the issues. In regard to the EAAB: - The EAAB was to return and report on Transformation Programme; - In regard to SHRA: - The SHRA was to be invited back. Interaction with the Minister had taken place to report the Restructuring Zones as well as on plans to turn around the situation of poorly performing provinces.	- The NHBRC was requested to prepare and present its turnaround programme in the next two weeks (which it did) as well as present detailed measures being undertaken to address recurring issues raised by the Auditor-General (and this was done on 8 November 2016); In regard to CSOS: - A plan was in place to deal with the audit findings; - A Supply Chain Management System was in place; - A Board and all the necessary committees were in place; - Findings of the Auditor-General to be tabled at the Board meeting and these had already been discussed at subcommittee level of the entity; - Decision to adjust the Annual Performance Plan had been due to National Treasury instructions to reduce on certain issues and that, going forward, the APP was to be informed by the available budget; - With respect to the loss of three key staff members, this had been due to uncertainty and a sense of insecurity that had lingered over the entity as a result of financial insecurity over the entity.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
1 November 2016	Portfolio Committee on Human Settlements briefed by Human Settlements entities (Housing Development Agency, National Housing Finance Corporation, National Urban Reconstruction & Housing Agency & Rural Housing Loan Fund).	- Housing Development Agency to submit detailed Provincial Spatial Plans as well as present Draft Mining Towns Spatial Plans; - Department of Human Settlements together with the Housing Development Agency to submit plans to develop the Lwandle/Nomzamo piece of land.	- The Committee expressed its pleasure that all the Human Settlements entities had received unqualified reports but acknowledged that there were, in some cases, matters of emphasis.
8 November 2016	Portfolio Committee on Human Settlements briefed by National Home Builders Registration Council on its Turnaround Strategy as well as on Recommendations to deal with irregular expenditure. The Committee was also briefed by Mpumalanga Provincial Department of Human Settlements on its spending patterns and delivery performance.	**In regard to the NHBRC:** - Committee was pleased that the entity was able to meet and discuss issues with Office of the Auditor-General; - Issue of irregular expenditure to be addressed. **With regard to presentation by Mpumalanga's Provincial Department of Human Settlements:** - Number of houses constructed for military veterans; - Relationship with the EAAB on the issue of title deeds issuing; - Quality of houses constructed; - Management of beneficiary list; - Improvement in community consultation; - Lack of plans and targets for social housing; - Lack of adequate bulk infrastructure.	- The issue of irregular expenditure in the NHBRC was being attended to, hence establishment of a Council Committee to deal with the issue; - Finalisation of the entity's organogram as part of the process to fill all critical vacancies; - With collaboration with the Office of the Auditor-General, the Procurement/Demand Plan was in the process of being implemented. - 94 houses constructed for military veterans each measuring 45m^2; - Further, National Department had seconded three officials to assist with the Military Veterans Programme as some of the provinces were not prioritizing the programme. In addition, the Department of Defence and Military Veterans was also contributing through top-up of funding for construction of houses; - Estate Agency Affairs Board was in the process of spreading its footprint as it was leading programme to deal with the issuing of title deeds as well as eradication of the historical backlog; - MEC to meet with all mayors to address issues around inadequate bulk infrastructure.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
9 November 2016	Portfolio Committee on Defence & Military Veterans briefed by provincial Departments of Human Settlements on status, progress and challenges encountered in delivering housing benefits to military veterans.	- Issues with South African National Military Veterans Association need to be resolved; - Funds to be shifted from non-performing provinces to performing provinces; - Resolve the issue of the database for it to be credible; - Improve database verification process; - MECs from all provinces should have been in attendance, as the matter of military veterans was political and required solutions at a political level; - Indigent policy should also cater for military veterans to address the issue of high property rates; - Need to engage traditional authorities for release of land for housing development.	- Need for a uniform approach by all provinces, particularly as it relates to house size; - To offer a variety of designs within the allocated budget/ subsidy quantum.
15 November 2016	Portfolio Committee on Human Settlements briefed by provincial Departments of Free State and Northern Cape on their spending patterns and delivery performance.		Both provincial Departments were requested to provide comprehensive reports on plans to address informal settlements, issuing of title deeds including eradication of the historical backlog, as well as on programmes aimed at intervening in mining towns.
16 November 2016	Portfolio Committee on Rural Development & Land Reform briefed by Department of Human Settlements at a Consultative/ Stakeholders Meeting on Extension of Security of Tenure for Farm Dwellers & Farmworkers.	- Presentation by Department of Human Settlements represented a theoretical framework as nothing had been implemented to date; - Lack of sufficient rental accommodation in smaller towns; - Elaborate on the Agri-Business concept.	- Key role is played by the farmer/landowner in the programme, thus success of the programme relied more on farmers setting aside a portion of their land for housing development; - On the issue of cohabitation, it was explained that this was guided by customary law which enjoins two parties who have lived together for a minimum period of six years to be considered husband and wife; - Rental housing provision was in the process of being up-scaled to smaller towns; - On the Agri-Business concept, there was a need to exercise caution as it was reliant on land availability; - More research to be undertaken on the rest of the issues raised.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
29 November 2016	Portfolio Committee on Human Settlements briefed by Department of Human Settlements on the following: - The United Nations Habitat III Conference that took place in Quito, Ecuador on 17 – 20 October 2016. - Progress report on Consolidation of Development Finance Institutions.	- The Conference was certainly going to have positive spin-offs for the country (RSA); - Of concern, was that not much had been achieved towards the realization of inclusive and integrated community development in South Africa; - The report on consolidation of DFIs was welcomed.	- South African Statement at the Conference in Quito to be availed to the Committee; - To expedite the opening of the UN-Habitat Office in the country; - To furnish the Committee with a draft programme with timeframes for implementation of Conference resolutions; - In regard to DFIs, Department to furnish a detailed report to finalise the consolidation process during early 2017
29 November 2016	Select Committee on Social Services briefed by Department of Human Settlements on its Annual Report 2015/16.		- In future, Department to prepare and furnish a summary of issues as too much detail tended to cloud issues; - Department to respond in writing to all issues raised.
14 -18 November 2016	'Taking Parliament to the People' – Public Hearings on Social Development and Human Settlements were held at Buffalo City Metropolitan Municipality, in East London, Eastern Cape.		
21 February 2017	Portfolio Committee on Human Settlements by following Human Settlements entities: - Social Housing Regulatory Authority on Turn-around Strategy, Restructuring Zones and Pipeline Projects; - National Home Builders Registration Council on Progress in resolving irregular expenditure and consequent actions taken.	- NHBRC: Need to expedite progress on turnaround strategy; need to focus on transformation agenda, punitive measures against 19 officials who resigned over misconduct; - Full report on the investment arm of entity to be presented.	- National Home Builders Registration Council: Assurance of the required staff complement to ensure turnaround strategy is implemented, transformation agenda underway as it was critical to address National Development Plan trajectory and investigations to be conducted on the 19 officials who resigned. - Social Housing Regulatory Authority: Restructuring process to be expedited.
28 February 2017	Portfolio Committee on Human Settlements briefed by Department of Human Settlements on the following: - Consolidation of Development Finance Institutions; - Update on Housing Demand Database; - Plans to uplift human settlements cooperatives (NB: item was withdrawn).	- Decision to centralize Housing Demand Database was welcomed; - Consolidation of DFIs should not lead to job losses; - Programme that deals with the issuing and restoration of title deeds as well as the National Needs Register should complement each other.	- Consolidation of DFIs will result in the establishment of Human Settlements Development Bank; - 20 April 2017 set as the target date for the launching of a Human Settlements Development Bank; - Submission of a Human Settlements Development Bill around June 2017; - A comprehensive Business Case for the Human Settlements Development Bank is being drafted and to be submitted to the Minister of Human Settlements.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
7 March 2017	Portfolio Committee on Human Settlements considered Petitions referred by the National Assembly.	**The Committee resolved that:** - The provincial Department as well as all the affected municipalities should report quarterly on the progress made in resolving the issue raised and in turn the national Department should report to the Committee; - The national and provincial Department as well as the Ekurhuleni Metropolitan Municipality should have working session in an endeavour to resolve the issue raised; - Government departments should deal with or have control measures for the foreign nationals that were residing in informal settlements; - Commitment to communicate with Mr Mhlongo by both the City of Johannesburg and Gauteng Provincial Department on progress as well as what was being done in dealing with issues raised; - During the second term of Parliament, the Committee to receive progress report on the issue; - Need to ensure regular communication with affected communities; - Need to desist from prioritizing informal settlements at the expense of backyard dwellers; - Need to have a credible database as well as prioritise the elderly in the allocation process; - Need to improve and enhance intergovernmental relations by ensuring that all spheres of government play their part, through ensuring consistent monitoring of projects together with regular communication and accounting to communities; - Need to set clear timeframes; - Need to expedite delivery of houses and their allocation in order to prevent any possible vandalism; - Need to embark on awareness campaign and education against the sale of government-issued houses by beneficiaries; - Need to strive for a transparent process in the allocation of houses as well as deal with the issue of corruption head-on, without necessarily waiting for forensic investigation first; - Need for synergy and collaboration among the different spheres of government, as well as more prominence on the role of metropolitan municipal political representatives; - Need to investigate reports and allegations of the illegal occupation of houses by foreign nationals.	Department to work with the Gauteng Provincial Department of Human Settlements to address issues raised.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
14 March 2017	Portfolio Committee on Human Settlements briefed by Department of Human Settlements on: - Strategic Plan, Budget and Annual Performance Plan 2017/18; - Response to Human Settlements issues raised during State Of The Nation Address.	The Committee resolved: - Issuing of title deeds — Status report per municipality and per province as well as challenges that exist, report on progress on both the pre- and post-1994 categories as well as on new title deeds; - Housing for non-statutory military veterans — Finalise the plan to house military veterans, as well as furnish an indication of figures broken down per municipality per province; - Expediting the upgrading of informal settlements — Consolidate the number of existing informal settlements that exist per province and per municipality. Categorise informal settlements and report on the current state which is to inform future plans. Further to report holistically on a quarterly basis on number of informal settlements upgraded; - Implementation of catalytic projects – Develop a matrix for catalytic projects as well as furnish details of the status of each project; - Accelerate implementation of FLISP and of GEHS – Centralisation of FLISP and expedite implementation of GEHS as well as track progress and report on the progress; - Human Settlements legislation – Provide the Human Settlements Development Bank Bill and the Operational integration Plan; - Extend support to mining towns through implementation of human settlements interventions – Categorise transformation plans per programme and focus area, as well as report on progress in line with transformation plans - Asset verification; - Allocation of 30% HSDG and USDG and USDG to women and youth contractors; - Resolve IGR issues in terms of planning, implementation and co-ordination – Report on progress made in co-ordination detailed plans per province, in accordance with signed Delivery Agreements and concluded Memoranda of Agreement; - Need to ensure the costing of plans as well as provide an indication of what can be achieved between 2017/18 and 2018/19, which is over the MTSF period; - Report on jobs created per quarter – Use of social accounting matrix and report quarterly.	Department outlined its priorities for 2017/18: - Scaling up delivery of affordable/gap housing; - Accelerate upgrading of informal settlements; - Improved issuing of title deeds for new subsidy houses on occupation; - Eradication of title deeds backlog by 2019; - Establishment of the Human Settlements Development Bank.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
17 March 2017	Portfolio Committee on Human Settlements briefed by following Human Settlements entities on their Strategic Plans, Budget and Annual Performance Plans 2017/18: - National Urban Reconstruction & Housing Agency; - National Housing Finance Corporation; - Housing Development Agency; - Rural Housing Loan Fund.	The Committee welcomed the presentation and was of the view that HDA was a critical entity that was also promising. The Committee was pleased that the business case completed and that the entity was visible in the provinces the Committee has already visited. However there was confusion in some parts of Free State about the role of the entity in the Mining Towns Programme. It was suggested that the entity should be concretized and its role to be taken care of. The Committee appreciated the new model on transformation, but needed to see the implementation on the ground. Clarity-seeking questions were asked and comments and concerns were raised as indicated below: - Concerns were raised on whether the land bought was going to benefit the previously disadvantaged, and empower those affected by the apartheid legacy and the marginalized. - The question was posed who the HDA has utilized, in terms of goods and services; - It was suggested that the programme directed to women and youth has excluded disabled persons; - A query was raised over the amount of land transferred from the Department of Public Works to the Department of Human Settlements/Housing Development Agency. Another concern was whether the amount of land received from sister departments such as Department of Public Works had benefitted the marginalized; - Clarity was sought on whether the capitalization by the National Treasury was part of the Minister's plan; - Clarity was sought on whether protocol agreements were signed with provinces, as failure to do so may impact on the delivery of human settlements. In addition, the Committee wanted to know how many metropolitan municipalities were at the level of a developer and/or implementing agent; - Clarity was sought on whether the entity was capacitating the municipalities with rare and technical skills; - Concerned was raised about the 40% set aside for women and youth. Proper implementation and timeframes were requested;	- With regard to the Consolidation of DFIs, Department of Human Settlements together with the NHFC and the consolidation team to present the Business Case and capitalization requirements; - With regard to the Housing Development Agency, it is to amend its Annual Performance Plan to include a percentage for the disabled as well as align it with that of the Department.

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
17 March 2017 (continued)		- Clarity was sought on whether the vacant posts in the new structure were funded and if so, when these were to be filled; - Concern was raised about the high unemployment rate of graduates in the sector; clarity was sought on whether the entity has any plans to absorb them. For the Committee, it was pleasing that entities were beginning to translate into action what the Minister had committed to do in terms of transformation. It also welcomed the completion of the Business Model presented, as it was speaking to what the country sought to achieve. The Committee also confirmed the presence of the HDA's footprint during the recent oversight visit to the Free State. However, there continues to be confusion on the role of the HDA in some of the mining areas visited, such as Machabeng and Sasolburg. The meeting was also informed that the Committee was still waiting for the pronouncement of the list of catalytic projects to be undertaken. The committee was informed of a framework for empowerment that entailed engagements and conversation on empowerment with five private developers. These engagements will serve as a test case to demonstrate commitment to radical economic transformation, which private developers were challenged to do, by the Department. It was indicated that the entity had a database of professionals and service providers on the issue of procuring goods and services. On the figure of 40% set aside for the benefit of women and youth contractors, it pointed out that this was merely a proposal being put out. It was also stressed that the entity needed to have a commanding voice at boardroom level. On the issue of the disabled, this was said to be fair point, as no specific reference was made to the disabled and the entity was open to suggestions. On the issue of direct capitalization by the National Treasury without signing of protocols with provinces, this would present a perpetuation of the current arrangement. For the entity, there was a need to review the current arrangement involving the Division of Revenue Act (DORA) as well as the current fiscal flows. It was stated that the signing of protocols was binding on projects on the ground. It was also stated that funding flows were governed by a Constitutionality issue. A cautionary note was sounded, to the effect that direct flows may have the result of upsetting the balance. Further, there is a need to be conscious of the fact that there were political and administrative concerns. Hence the requirement to ring-fence funds, as well as the need for the HDA to sign implementation protocols both with municipalities and provinces. However, the ability of municipalities to undertake projects was said to be a "chicken -and-egg" situation. For the Department, it was a case of accreditation of municipalities versus capacitation of the Housing Development Agency. The Department's position was the need to enhance the capacity of the HDA and hence the need to benchmark this with the South African National Roads Agency (SANRAL). Reference was also made to six non-negotiable transformational issues that included the use of professionals. In regard to catalytic projects, the list of approved catalytic projects was soon to be published. The said list was to be updated from time to time. Critical posts were to be filled in the near future.	

DATE	SUBJECT	COMMITTEE ISSUES	RESPONSE BY DEPARTMENT
28 March 2017	Portfolio Committee on Human Settlements briefed by following Human Settlements entities on their Strategic Plans, Budget and Annual Performance Plans: - Social Housing Regulatory Authority; - National Home Builders Registration Council; - Estate Agency Affairs Board; - Community Schemes Ombud Services.	- All entities expected to work towards the transformation of the sector; - Need to formalize relationship and collaboration between CSOS and SHRA; - Need to ensure financial stability of the CSOS using the same approach as was applied to the SHRA.	- Department to brief the Committee on the amalgamation of the RCG funding for social housing projects and decision to administer the RCG funding from one central point; - The NHBRC to return to brief the Committee on its Transformation Charter; - With the establishment of CSOS, embarking on a drive to centralize information regarding Community Schemes and that the entity was in collaboration with Statistics South Africa to collate information; - Department to focus on stabilizing CSOS financially; - In response to issues raised in the Auditor-General's report, a decision has been taken to second two officials from the Department and one from the Housing Development Agency to the CSOS in a drive to deal with audit issues.
29 January – 3 February 2017	Portfolio Committee on Human Settlements Oversight Visit to Free State Province.		

Portfolio Committees

The Portfolio Committee on Human Settlements undertook an Oversight Visit to KwaZulu-Natal Province from 19 – 23 September 2016.

- **Municipalities/District Municipalities visited**
  - Umgungundlovu District Municipality
  - Ilembe District Municipality
  - Uthungulu District Municipality
  - Ethekwini Metropolitan Municipality

Overall highlights in the Province

Upgrading of informal Settlements

- The KZN Province is the province with the second largest backlogs nationally with a substantial number of informal settlements and the number is gradually growing
- Most of the informal settlements are within the Ethekwini Municipality
- 100% of all the informal settlements have Level 1 services with the rural areas having some level of basic services
- The Metro has a successful basic services roll-out program to service almost all of the informal settlements
- 90% of the informal settlements have access to water, sanitation and lightings
- Both Province and the City have plans in place to deal with the informal settlements
- National to ensure that all the plans/strategies highlighted to deal with the challenge are implemented.

Titling

- The issue of Tilting is a challenge in the Province
- KZN is a with the high number of Title Deeds still to be issued out to communities
- Most are from pre-1994
- Currently the Provincial backlog on Titling stand at 150 185 (127 479 pre 1995 and 23 336 post 1994)
- There are a number of challenges hampering the process to fast-track the issuing out of Tittle Deeds
- The Province is working very closely with the Department to fast-track the process of issuing title immediately after the house had been handed over and occupied.

Finance-Linked Subsidy Programme (FLISP)

- The Province is currently doing awareness on the FLISP Programme
- The Province is implementing the Finance Lind Individual Subsidy Programme (FLISP) at a small but most of these projects are successful
- There is also a challenge relating to qualifications
- The Banks have expressed dissatisfaction with delays in the programme approvals
- A Policy Review is required

Access to land

- Accessing well located suitable land is a challenge more especially within the Ethekwini Metropolitan Municipality due to high levels of demand from all Sectors
- Role of the HDA is critical in this matter

Hostel upgrading through the Community Residential Unit Programme

- In total there are 28 hostels in the Province
- There are close to eleven (11) hostels in the Ethekwini Metro
- The City has plans in place to rehabilitate and/or upgrading the hostels through the CRU Programme
- The main challenge relates to limited funding and as such the Programme stretches to ten (10) from now until all the hostels are either refurbished and/or upgraded
- Lack of Housing Consumer Education leading to poor management of CRU's

Rectification

- Need for Province re-asses the rectification projects in terms of classification
- Rectification is a huge challenge in the Province more especially the pre-1994 and post 1994 20m^2 units
- Proposal from the Portfolio Committee was for National to ring-fence at least 5% of the National Housing Budget so that Provinces with high rectification issues are prioritized

Non-Performance of Contractors – Province needs to address the issue relating to the non-performance of Contractors

Improved Project pipelining – project pipelining leading to positive project outcomes

The need for National to finalise and approve Restructuring Zones

Issues that impact on the delivery of sustainable integrated human settlements more especially within the Metro include

Urbanisation – main challenge the City requests the Portfolio Committee to assist the province in accessing government owned buildings so that they can undertake inner City Development

Topography of KZN is a huge challenge including the soli condition in some areas in the Province. The informal settlements upgrading in Lamontville had to be provided with extra funding for building projects

Budget constraints

Provision of bulk structure is one of the key challenges impacting on the delivery of service in the Province-

- Misalignment in terms of Planning (due to lack of infrastructure)
- Of the budget – Budget allocations not aligned between Province and Municipality

Land invasions and people's refusals to be relocated to other areas in cases where they have occupied unsuitable land

Refusal to pay rent within the Social Housing projects

Delivery of FLISP – Province highlighted the private Sector is the main vehicle that can assist in the delivery of the Programme's MTSF's target

The Committee has requested that the following Strategies be availed and shared with the Committee

- Inner City Development Plan/Strategy
- Densification Strategy
- Plan/Strategy for the refurbishment and/or the upgrading of the hostels
- Strategy on Titling.

Taking Parliament & Legislature to the People: Public Hearing on Social Development and Human Settlements (National Council of Provinces) on 14 – 18 November 2016

- The theme of the event was "Following up on our Commitments" and this entailed input from political office-bearers in attendance such as the Deputy Minister of Human Settlements, Ms Zoe Kota-Fredericks. Members of community were afforded opportunity to raise issues of concern which in the main covered service delivery, complaints and concerns. Following this, the following recommendations as well as required departmental actions on(Human Settlements were made:
  - There has to be one or more dedicated person(s) deployed in the branch responsible for intergovernmental relations that arte to work closely with both the province and the metropolitan municipality to address outstanding issues (Current responsible official Mr W Jiyana: Chief Director responsible for Stakeholder Engagement & Inter-governmental Relations);
  - Thereafter, the provincial department responsible for human settlements to compile a comprehensive report to be overseen by the National Department of Human Settlements;
  - The report to be dispatched to the Deputy Minister of Human Settlements for consideration and approval.
  - Thereafter to establish when the NCOP was to sit debate the outcomes emanating from Taking Parliament & Legislature to the People and the principle was to afford the Deputy Minister sufficient time to prepare for the NCOP debate.

Portfolio Committee on Human Settlements Oversight Visit to Free State Province From 29 January – 03 February 2017:

Municipalities visited-

- Mangaung Metropolitan Municipality;
- Matjhabeng Local Municipality;
- Moqhaka Local Municipality;
- Metsimaholo Local Municpality.

Overview of the Oversight Visit:

- The provincial department did not spend the 100% of the grant allocated to it but requested additional funding. The Provincial performance has yielded far less housing opportunities that expected as a matter of fact the remaining R 118 million would not be able to achieve the deficit of 9 193 housing opportunities for the financial year;
  - The provincial department was deviating from the policy in terms of the size of the houses that were constructed for different beneficiaries. It was still constructing $50m^2$ for the state subsidy houses and $100m^2$ for military veterans instead of $50m^2$ for the military veterans and $40m^2$ for the state subsidized houses. This was a matter of concern as same municipalities had requested to retain the building of $50m^2$ houses as per the standard;
  - Achieving targets for the construction of houses for the military veterans was not happening at the required pace. This was due to unavailability of serviced land as the military veterans had not did not have sites of their own to speed up the process. As a result the military veterans were dependent of municipalities to provide the serviced site;
  - Provision of bulk structure was a challenge which led to scaling down of human settlements projects especially in Moqhaka Local Municipality in Sasolburg. In this municipality there was a challenge of six units affected by underground water. This had forced the municipality to prioritize relocation of those families as there was a high safety risk posed by the existing conditions;
  - Most municipalities were unable to deliver services as they lack the mandate to do so. The accreditation to level one was an option and the province was geared to do so, as this would assist in the delivery of services especially houses;
  - Inability of the provincial department to utilize the 2% bulk services funding option of the Human Settlements Development Grant (HSDG);
  - The Mangaung Metropolitan Municipality was planning adequately for the bulk infrastructure (construction of water reservoirs and waste water treatment plants) as this would assist in the eradication of informal settlements as well as the eradication of bucket toilets. The province had 143 informal settlements which some were to benefit in the bulk infrastructure. There were 41 informal settlements that were completed in terms of the upgrading of informal settlements, 20 were in progress of upgrading and the plan for resettlement of 27 was completed. The issue of backyard dwellers was a challenge especially with regards to supply of basic services;
  - The Manguang Metropolitan Municipality had managed to meet the requirements of the 60% expenditure of transferred funds by the end of the second quarter;
  - The province was performing poorly on the issue of title deeds backlog eradication. Most municipality officials were not attending the meetings scheduled by the Provincial Steering Committee that was dealing with restoration and issuing of title deeds. This has posed challenges as most of the municipalities had a huge backlog on the delivery of title deeds. There were delays in the signing of deeds documents and unproclaimed townships;
  - The Provincial department had appointed a conveyancing law firm for the registration of title deeds across the province of which 17 were black owned and six were white owned. The delegation was of the view that would accelerate the restoration and issuing of title deeds by the provinces;
  - It was observed that the Community Residential Units (CRU) were constructed. However, there were challenges such as the escalation of cost in building these structures, non-payment of rental by occupants and illegal occupation in some of the CRUs

- There was a challenge in the management of beneficiary list. This was evident in Metsimaholo Local Municipality where almost 30 houses were standing vacant while they were sourcing out the beneficiaries. This could result in illegal occupation or vandalism;
- There seemed to be less involvement of the mining houses in assisting their workers in housing;
- The province had its own entity that was installing or connecting electricity to the houses constructed. Therefore, the provincial department was not having any challenges of houses standing empty due to lack of electricity;
- The provincial department seemed to have good relations with human settlements entities such as Housing Development Agency in the informal settlements upgrading programme as well as in the land identification and acquisition even though land yield was not indicated clearly and not released at the desired pace;
- That there were plans in place for the construction of Finance Linked Individual Subsidy Programme (LISP) projects as this will assist the people in the gap market. Moqhaka local municipality also had its plans;
- That the provincial department was demolishing the two bedroom houses that were dilapidated and rebuilt into 50m^2 (rectification). However, this was not providing any new housing opportunities;
- That there was a need to address the issue of non-performing contractors, this was a result of some contractors not being paid and were unable to continue building, especially the emerging contractors.

Recommendations by Oversight bodies

Based on observations made, the Committee was to request the Minister of Human Settlements to consider the following towards the attainment of Outcome 8 fundamentals. .

- Speed-up the accreditation process in order for the municipalities to manage beneficiary administration, as this would subsequently fast-track the issuing of title deeds;
- Undertake punitive measures to officials who deliberately do not attend the committee on Title Deeds. This is critical because there seems to be a "culture of indifference" in complying with intergovernmental relations policy;
- Ensure visibility of entities to assist municipalities' specific human settlements issues. These issues include: land acquisition and beneficiary administration.
- Ensure funding or review current funding models for bulk infrastructure.
- That national and provincial department assist municipalities with capacity and technical skills required in town establishment plans`
- The province to fast-track the integration process, especially the race element.
- Minister and government in general, should strongly advocate for an environmental protection policy. This was because human settlements, through construction, negatively affects the environment which should be preserved for future generations;
- It therefore follows that both the national and provincial department to conduct consumer education on alternative technologies to ensure environmental protection.

Select Committee Oversight Visit to Mpumalanga Province on 31 March 2017

Overview of the Oversight Visit:

- Illegal occupation of subsidised houses at Tekwane North Housing Project;
- Status of housing assistance for military veterans in the province.

Resolutions

- The provincial department to prepare a comprehensive report on the illegal occupation of houses at the Tekwane Housing Project which is to be submitted to the Select Committee on Social Services (as well as proposed solutions to the problem);
- Progress report on the status of housing programme aimed at assisting military veterans.

Actions taken by the department to address the service delivery issues raised.

The department through its leadership ensured that issues relating to affordable housing are attended to through the Social Housing Regulatory Authority (SHRA). This work is still in progress and is reported through MinMec. Due to underperformance by provinces

on the Title Restoration Project (TRP), the Department established a National Steering Committee on Title Restoration Project to oversee the implementation of the Project and directed provincial departments to establish Provincial Steering Committees on TRP to provide progress report on the TRP to the National Steering Committee on a quarterly basis.

In order to augment capacity to deliver, the Minister established a Ministerial Task Team on Title Restoration Project constituted by a team of conveyancers to play advisory role at the national level and conveyancing role at provincial level. Officials were also seconded from the Estate Agency Affairs Board (EAAB) and the Department of Rural Development to form part of the Task Team that will address all issues relating to titling including beneficiary management, dispute resolution and township establishment.

Tablings in Parliament

The draft regulation on levies and fees pertaining to levies and fees pertaining to the Community Schemes Ombud Service, was made in terms of section 29(1)(b), (c),(d) and (e) of the Community Schemes Ombud Service Act, 2011 (Act No 9 of 2011) and submitted to Parliament for approval in terms of section 29(3) of the Act.

Tabling of Annual Reports of the following:

(a) Report and Financial Statements of Vote 38 – National Department of Human Settlements for 2015-16,including the Report of the Auditor-General on the Financial Statements and Performance Information of Vote 38 for 2015-16 [RP 324-2016]

(b) Report and Financial Statements of the National Home Builders Registration Council (NHBRC) for 2015-2016, including the Report of the Auditor-General on the Financial Statements for 2015-16.

(c) Report and Financial Statements of the Estate Agency Affairs Board for 2015-16, including the Report of the Independent Auditors on the Financial Statements and Performance Information for 2015-16

(d) Report and Financial Statements of the Housing Development Agency for 2015-16, including the Report of the Independent Auditors on the Financial Statements and Performance Information for 2015-16 [261-2016]

(e) Report and Financial Statements of the National Urban Reconstruction and Housing Agency (NURCHA) for 2015-16,including the Report of the Independent Auditors on the Financial Statements and Performance Information for 2015-16.

(f) Report and Financial Statements of the Social Housing Regulatory Authority (SHRA) for 2015-16, including the Report of the Independent Auditors on the Financial Statements and Performance Information for 2015-18.

(g) Report and Financial Statements of the Rural Housing Loan Fund (RHLF) for 2015-16, including the Report of the Independent Auditors on the Financial Statements and Performance Information for 2015-16.

(h) Report and Financial Statements of the National Housing Finance Corporation SOC Ltd (NHFC) for 2015-16, including the Report of the Independent Auditors on the Financial Statements for 2015-16.

(i) Report and Financial Statements of the Community Scheme Ombud Services (CSOS) for 2015-16, including the Report of the Auditor-General on the Financial Statements and Performance Information for 2015-16 [RP 145-2016].

(j) Report and Financial Statements of the Thubelisha Homes NPC (in Liquidation) for 2015-16, including the Report of the Independent Auditors on the Financial Statements and Performance Information for 2015-16.

Tabling of Strategic and Annual Performance Plans of the following:

(a) Strategic Plan of the Department of Human Settlements for 2015 – 2020.

(b) Annual Performance Plan of the Department of Human Settlements for 2017/18.

(c) Strategic (Corporate) Plan of the National Home Builders Registration Council (NHBRC) for 2014 – 2019.

(d) Annual Performance Plan of the National Home Builders Registration Council (NHBRC) for 2017/18.

(e) (Five-Year) Strategic Plan of the Estate Agency Affairs Board of South Africa for 2014 – 2019.

(f) Annual Performance Plan of the Estate Agency Affairs Board of South Africa for 2017/18.

(g) (Five-Year) Strategic Plan of the Housing Development Agency for 2017/18 – 2021/22.

(h) Annual Performance Plan of the Housing Development Agency for 2017/18.

(i) Strategic Plan of the National Urban Reconstruction and Housing Agency (NURCHA) for 2014/15 – 2018/19.

(j) Annual Performance Plan of the National Urban Reconstruction and Housing Agency (NURCHA) for 2017/18.

(k) Strategic Plan of the Social Housing Regulatory Authority (SHRA) for 2015 – 2020.

(l) Annual Performance Plan of the Social Housing Regulatory Authority (SHRA) for 2017/18.

(m) Strategic Plan of the Rural Housing Loan Fund (RHLF) for 2014/15 – 2018/19.

(n) Annual Performance Plan of the Rural Housing Loan Fund (RHLF) for 2018.

(o) Strategic Plan of the National Housing Finance Corporation (NHFC) SOC LTD for 2014/15 – 2018/19.

(p) Annual Performance Plan of the National Housing Finance Corporation (NHFC) SOC LTD for 2017/18.

(q) Corporate Strategic Plan of the Community Schemes Ombud Service for 2014/15 – 2018/19.

(r) Annual Performance Plan of the Community Schemes Ombud Service for 2017/18.

PARLIAMENTARY QUESTIONS

A total of seventy-six (76) Parliamentary Questions were directed to the Minister of Human Settlements.

CABINET AND ITS COMMITTEES

During the period under review, the following were tabled at the Cabinet and its Committees:

a) Four Programme of Action reports (Reports on Progress on Implementation Towards the Realisation of Outcome 8 Actions, Targets and Outputs for Sustainable Human Settlements and Improved Quality of Household Life);

b) Appointment of the Estate Agency Affairs Board;

c) Draft Common African Position for Third United Nations Conference on Housing and Sustainable Urbanisation (HABITAT III), October 2016;

d) Property Practitioners' Bill, 2016;

e) Home Loan & Mortgage Disclosure Amendment Bill, 2016.

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
	Standing Committee on Public Accounts invited Department of Human Settlements to explain why the Department and/or thze Social Housing Foundation failed to table an Annual Report with financial statements in accordance with the Public Finance Management Act.	- The fact that the Social Housing Foundation still remained listed, meant the Department was required to table an Annual Report; - Whether the Auditor-General had noted and accepted the final liquidation account of the Social Housing Foundation as at 31 March 2016.	- A submission prepared (by Department of Finance/ National Treasury) to Minister of Finance requesting his approval for the delisting of the Social Housing Foundation as a Schedule 3A listed entity. Once obtained, notice to be published in the Government Gazette.	

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Department developed an action plan to address all issues on the audit report and on the management report. The action plan was managed by the Internal Control Unit and updated on a monthly basis by the responsible managers. Internal Auditors verified the progress reported by the managers and tabled a verification report at the Audit Committee and to Executive Management on the outcome of the verification conducted.

Non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
Annual Financial Statement not prepared in accordance with the reporting framework as required by section 40(1) (b) of the Public Finance Management Act.	2013/14	An action plan has been developed to address issues affecting the completion of the annual financial statements and to improve oversight to minimize errors in completion of the annual financial statements. These include: - The process of compilation of the IFS and ultimately the AFS has been enhanced to address shortcomings identified. - The IFS are compiled quarterly, and thereafter submitted to Management and Internal Audit for verifications and checking. - Issues raised by Internal Audit and Management are addressed before submission to CFO and Director-General for approval.
Proper control systems to safeguard and maintain assets were not implemented, as required by section 38(1) (d) of the Public Finance Management Act and Treasury Regulation 10.1.1(a).	2009/10	Asset Management policy has been reviewed to include enhanced measures on how to safeguard assets. Quarterly awareness workshops are held with the staff, sensitizing them to the importance of compliance and safeguarding of assets.
Payroll reports not certified on date of payment.	2008/09	Nomination letters were issued to Chief Directors to nominate other Chief Directors that may sign in their absence. Reports are also compiled on outstanding payrolls and followed up. The managers are reminded by email on a monthly basis to sign payrolls in their respective units.
Payments not made within 30 days.	2005/06	The Department has introduced the following measures trying to address the payments not made in 30 days: - Reviewed Financial Delegation and brought to the attention of staff in order to improve the payment process. - Disciplinary actions to be instituted against officials found liable for the delay in processing payments (consequence management). - A circular is sent out to staff at regular intervals reminding them to give immediate attention to invoices in order to ensure payment of suppliers within 30 days. - Encourage suppliers to utilise a central email address for the submission of invoices to the Department. - On a quarterly basis, workshops are held to inform staff of internal policies. - Furthermore, written reasons are required from officials on the causes of delaying invoices.

10. INTERNAL CONTROL UNIT

The required internal controls exist within the Department. There are guidelines and procedures and/or processes in place by management to ensure that departmental goals and objectives are met. Internal controls are the steps the Department takes to make sure assets are safeguarded against waste, fraud and abuse; records are accurate; and applicable laws and regulations are complied with. Furthermore they also strengthen the management practices that govern administrative, financial and performance/pre-determined activities.

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

- Internal Policies awareness workshops were conducted and are described as preventative and directive in nature. The main aim is to prevent undesirable events from occurring. Furthermore all employees in the Department are informed of the proper channels to follow in efforts to comply.
- Pre- and post-compliance testing of financial transactions was conducted and discrepancies were discussed with management for remedial actions to be put in place.
- Audit action plan has been developed to address the findings raised by the Auditor-General. Monthly updates on the planned actions are made with responsible managers. The plan is presented to various stakeholders such as Audit Committee and Executive Management Team for review and recommendations.
- The Internal Control Unit also reviews the effectiveness of the internal policies and where necessary, the policies are amended.
- Management of losses and claims is also based in the unit whereby reported losses are investigated and presented to the Loss Control Committee for decision-making. The unit acted as the secretariat on all the meetings. Manages Irregular Expenditures, and fruitless and wasteful expenditure, whereby upon identification, the expenditures are reported and recorded as per prescripts.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

The main objective of the Internal Audit unit is to provide the Department with independent and objective assurance on the adequacy and effectiveness of the system of internal control, risk management and governance processes. During the period under review the Internal Audit Unit successfully executed 20 out of 22 (91%) planned audits as per the approved operational plan.

The key audit outcomes follow-up on previous internal audit recommendations, to ensure that management implements the recommendations to improve the control environment. Quarterly review of the financial statements and performance information is undertaken to ensure compliance and improve the control environment thereof; verification of the implemented management actions to address findings raised by the Auditor-General South Africa in the 2015/16 management report. Although there is notable progress made in enhancing the controls, there is room for improvement in certain areas, including governance of information communication technology (ICT).

The unit further conducted verification of the Management Performance Assessment Tool (MPAT) and provided advice to management to ensure compliance and improvement thereof; developed a Combined Assurance Plan to implement the Combined Assurance framework in the Department. The Internal Audit Unit has also coordinated and facilitated the Departmental Audit Committee activities. Seven meetings were held during the period under review, and the committee successfully executed its oversight mandate as a key governance structure.

During the period under review, the Department took a decision to separate the Internal Audit Unit from the Risk Management Unit and Special Investigations, to enhance its governance system. The Internal Audit Unit has also undergone the External Quality Assurance (EQAR) with an outcome of partial compliance.

Summary of audit work done

Below is a summary of some of the audits completed:

- Quarterly reviews of interim financial statements
- Quarterly reviews of performance information
- Reviews of the department's strategic plan and APPs
- Performance audit on Communication Services
- Performance audit on Performance Management Development Plan (PMDS)
- Asset management review
- Monitoring of business planning for Human Settlements Development Grant (HSDG)
- Govan Mbeki Awards
- Management Performance Tool (MPAT) process review
- Information Technology general controls
- Performance Audit on Information and Communication Technology
- Provincial Review of the annual report and management report (SCM related matters).

Audit Committee

The Audit Committee is constituted as a statutory committee of the NDOHS to fulfil its statutory duties in terms of section 77 of the Public Finance Management Act (PFMA) (Act No. 1 of 1999) and Treasury Regulations issued in terms of the PFMA. The Audit Committee is established as an oversight body, providing independent oversight over governance, risk management and control processes of the Department. Their mandate and responsibilities are clearly defined in the Audit Committee Charter and seven (7) Audit Committee meetings were convened for the year. The Committee has fulfilled its mandate and responsibility as required by the charter. The Department conducted a 360-degree assessment of the Committee and results reflected that the Committee performance is satisfactory.

The Audit Committee comprises five (5) positions to be filled by members who are appointed outside the public service as per the audit committee charter. Currently there is one vacancy in the Audit Committee, which the Department is in the process of filling. The Accounting Officer, Executive Management and Chairperson of Risk Management (RMC) have a standing invitation to the Audit Committee and were always represented at the Audit Committee.

Name	Qualifications	Internal or external member	Date appointed	No. of Meetings attended
Mr S Faku	Senior Teachers Diploma B Education Honours Master of Science Graduate Diploma (Company Direction) External	External Member	1 May 2015	7
Mr N Monakedi	Masters in Project Management Bachelor of Technology (Construction Management) National Diploma (Building) Diploma in Labour Intensive Management	External Member	22 August 2011*	7
Ms R Kalidass	Bachelor of Accounting Sciences Bachelor of Commerce Honours Certificate in the Theory of Accountancy (CTA) Qualified as a Chartered Accountant South Africa	External Member	1 May 2015	5
Ms W Dukuza	Bachelor of Procurationis Admitted Attorney Diploma in Tax Practice Certificate in Labour Relations Management	External Member	1 May 2015	7

**Re-appointed with effect from 01 May 2015*

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

Audit Committee members and attendance

The Audit Committee of the Department of Human Settlements operates in terms of the adopted Terms of Reference (TOR) which are reviewed and approved annually. The Audit Committee consists of the external members listed below and meets at least four times per year, in accordance with its approved Terms of Reference.

Name of member	Number of meetings scheduled	Attended
Mr S Faku (Chairperson)	7	7
Ms W Dukuza	7	7
Ms R Kalidass	7	6
Mr. N Monakedi	7	7

Audit Committee Responsibility

The Audit Committee reports that it has satisfied its responsibilities in terms of Section 38 (1) (a) (ii) of the Public Finance Management Act and Section 3.1.13 of the Treasury Regulations. The Audit Committee also reports that it has adopted appropriate formal Terms of Reference (TOR) and met its responsibilities as stipulated in the Audit Committee Charter.

The Effectiveness of Internal Control

The Committee reviewed the findings of the work conducted by Internal Audit, which was based on the risk assessments conducted in the Department. Its work revealed certain weaknesses in the effectiveness of the system of controls in the Department, which were then raised with the Department. Management has committed to the Committee to address these areas and clear timelines have been agreed with the Committee. Some of the key areas which management must pay particular attention to are the following: Corporate Governance of ICT, Business Continuity Management, Disaster Recovery Planning, establishment of a Compliance Management System, adequate Contract Management, Human Resource Management and Performance Information emanating from the provinces.

In-Year Management and Monthly/Quarterly Report

The Audit Committee has noted the quality of management and quarterly reports presented to the Committee, before submission to the National Treasury as required by the PFMA and the DoRA, and were satisfied with the quality thereof.

The Committee is however, concerned about the sector performance in some key strategic performance areas of the Department. These include, amongst others, Title Deeds Restoration programme, Informal Settlement Upgrading, affordable Rental & Social Housing. Management has provided the Committee with measures which have been or will be put in place in addressing these areas and the Committee will monitor this.

Internal Audit

The Audit Committee has received reports based on the annual work programme of the Internal Audit Unit, and is satisfied that the Internal Audit Unit is independent, objective and operating effectively and is also addressing the risks pertinent to the Department in its audits. The Committee has also noted that Internal Audit has completed 95% of the planned audits. The internal audits executed were in the areas of assurance service reviews, performance audits and audits of performance information and Information Technology general controls reviews. The Committee has noted the capacity challenges faced by Internal Audit. The Committee is satisfied with management's resolution in providing additional capacity to the Unit.

Risk Management

The department has established a Risk Management Function and a Risk Management Committee; which reports to the Audit Committee on a quarterly basis. One member of the Audit Committee is an invitee in the Risk Management Committee to ensure oversight by the Committee on risk management activities. The Committee has noted improvement on the effectiveness of risk management processes in the Department since the appointment of an independent Risk Management Committee Chairperson and the committee from the Executive Management to improve the risk management processes in the organisation. The following issues are still of concern to the Committee; late completion of the Enterprise wide Strategic Risk Assessment and Committee meeting attendance by some risk owners. Management has committed to address all the weaknesses which have been identified.

Information Technology Governance

The Committee is concerned about the effectiveness of the departmental IT Governance as this could impact on the achievement of the department's goals. The Department has not fully complied with the DPSA Corporate Governance of ICT Framework (CGICT Policy Framework) and this poses a risk to the Department.

Evaluation of Annual Financial Statements

We have evaluated the annual financial statements of the Department of the year ended 31 March 2017, based on the information provided to the Committee by management and reviews by internal audit and external auditors.

Auditor-General's Report

We have reviewed the department's implementation plan for audit issues raised in the previous year and we are satisfied with the progress in resolving the matters raised by the auditors.

The Committee concurs and accepts the Auditor-General's conclusions on the Annual Financial Statements, and is of the optinion that the audited Annual Financial Statements and adjustments made be accepted and read together with the report of the Auditor-General.

MR S FAKU
Chairperson of the Audit Committee
Department of Human Settlement

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PART D:

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

2. OVERVIEW OF HUMAN RESOURCES

During the year under review, the Department developed and implemented its Human Resources Plan (HRP) for the 2016 – 2019 MTEF period, and the Plan comprised the following human resources management priorities:

- Securing the right quantity and quality of staff;
- Alignment of the organisational structure to the mandate of the Department;
- Enhancing the implementation of the Human Resource Development Programme;
- Enhancing the implementation of the Employee Performance Management & Development System (EPMDS) Policy;
- Enhancing the implementation of Employee Health & Wellness Programme; and
- Ensuring of sound labour relations in the Department.

Filling of posts

The implementation of the 2016/17 Human Resources Implementation Plan took place against the backdrop of a cut in the Compensation of Employees (CoE) budget. As a result, the Department had to prioritise the filling of critical posts on three-year (3-year) contracts. To this end, the Department advertised forty-eight (48) vacant critical positions on levels 2 - 12 and eight (8) SMS positions. The Department also filled the post of Deputy Director-General: Programme & Project Management Unit, one of the most critical positions in the human settlements delivery value chain. This post is critical in that it is responsible for the facilitation of programme & project implementation and the provision of the necessary support to provincial departments and municipalities.

Ensuring compliance to statutory requirements

Some of the highlights in the implementation of the Department's Human Resources Plan were the development and implementation of the following:

- Job evaluation policy
- Recruitment & selection policy
- Retention policy
- Human resources delegation
- Sexual harassment policy
- Overtime policy
- Human resources development policy
- Sport & recreation policy
- Bereavement policy
- HIV & TB management policy
- Health & productivity management policy
- Wellness management policy.

Review of the Departmental Organisational Structure

One of the Human Resources Unit's flagship projects during the period under review was the review of the current organisational structure of the Department. The purpose of the review was to (1) ensure the alignment of the Departmental organizational structure with the National Development Plan (NDP), the Breaking New Ground (BNG) policy, the Medium Term Strategic Framework (MTSF), and the Departmental Strategic Plan and Annual Performance Plan; (2) to generally enhance the capacity of the Department to deliver on its expanded mandate, and (3) to enhance the Department's programme and project implementation capability to support provincial departments and municipalities.

Employee Health and Wellness Programme

The Department continued to provide counselling services to employees and their household members.

The Department also implemented interventions to address areas of concern raised during the climate surveys, through the implementation of a Mentorship Programme, awareness sessions, and Leadership Development programmes.

Quarterly HIV counselling and testing (HCT) were conducted, and reports submitted to relevant authorities and the DPSA.

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

The Department has achieved an improvement in the submission of Performance Agreements, in that 100% of officials submitted on time.

Performance Moderation of Assessment reports for salary levels 2 - 12 and appeals were concluded as the policy. Performance Moderation of Assessment reports for SMS members were also concluded.

Implementation of the Human Resource Development Programme

In developing its staff competencies, the Department achieved the following:

- Effective implementation of its Workplace Skills Plan (WSP) and the Human Resources Implementation Plan;
- Both Annual and Quarterly Training reports and expenditure reports were submitted to the Public Service Sector Education and Training Authority (PSETA);
- Continued to implement the Departmental Bursary Programme to empower employees.

Challenges

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 capability to deliver on its mandate. This has inter-alia resulted in the failure to meet the employment equity targets, due to the high vacancy rate.

3. HUMAN RESOURCE OVERSIGHT STATISTICS

3.1 Personnel related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2016 and 31 March 2017

Programme	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)	(R'000)	(R'000)	(R'000)	%	(R'000)
Housing Development Finance	420 896	194 401	2 752	19 616	46.2%	464
HS Policy, Strategy and Planning	86 598	53 420	-	1 099	61.7%	848
Administration	151 743	59 933	-	51 306	39.5%	705
Human Settlements Delivery Support	29 927 993	17 533	-	-	0.1%	358
Total	**30 587 229**	**325 288**	**2 752**	**72 021**	**1.1%**	**528**

Table 3.1.2 Personnel costs by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Personnel expenditure	% of total personnel cost	No. of employees	Average personnel cost per employee
	(R'000)			(R)
Lower skills (1-2)				
Skilled (level-3-5)	16 875	5%	105	161
High skilled production (level 6-8)	31 046	10%	137	227
High skilled supervision (level 9-12)	71 444	22%	207	345
Senior Management (level 13-16)	134 553	41%	73	1 843
Other contract	71 371	22%	94	759
Total	**325 288**	**100%**	**616**	**3 335**

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2016 and 31 March 2017

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid		Total personnel cost per Programme
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs	
	(R'000)	%	(R'000)	%	(R'000)	%	(R'000)	%	(R'000)
Prog 1: Administration	128 332	39.5%	1 544	0.5%	4 585	1.4%	6 589	2.0%	194 401
Prog 2: Human Settlements Policy Strategy and Planning	36 686	11.3%	39	0.0%	856	0.3%	959	0.3%	53 420
Prog 3: Human Settlements Delivery Support	40 898	12.6%	6	0.0%	1227	0.4%	1259	0.4%	59 933
Prog 4: Housing Development Finance	11 658	3.6%	2	0.0%	348	0.1%	491	0.2%	17 533
Total	**217 574**	**66.9%**	**1 591**	**0.5%**	**7 016**	**2.2%**	**9 298**	**2.9%**	**325 287**

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	(R'000)	%	(R'000)	%	(R'000)	%	(R'000)	%
Lower skilled (1-2)	-	0.0%		0.0%		0.0%		0.0%
Skilled (levels 3-5)	11 287	3.5%	461	0.1%	1 430	0.4%	2 230	0.7%
Highly skilled production (levels 6-8)	20 766	6.4%	644	0.2%	1 966	0.6%	3 574	1.1%
Highly skilled supervision (levels 9-12)	47 786	14.7%	410	0.1%	1 672	0.5%	2 861	0.9%
Senior management (levels 13-16)	89 998	27.7%	-	0.0%	1 791	0.6%	621	0.2%
Contract other	47 737	14.7%	77	0.0%	157	0.0%	12	0.0%
Total	**217 574**	**66.9%**	**1 591**	**0.5%**	**7 016**	**2.2%**	**9 298**	**2.9%**

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 on 31 March 2017

Programme	Number of funded posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Prog: 1 Administration	436	403	7.57%	16
Prog 2: Human Settlements Policy Strategy and Planning	83	61	26.51%	2
Prog 3: Human Settlements Delivery Support	111	78	29.73%	7
Prog 4: Housing Development Finance	50	49	2.00%	0
Total	**680**	**591**	**13.09%**	**25**

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2017

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skills (1-2)	37	37	0.00	0.00
Skilled (level-3-5)	143	110	23	4
High skilled production (level 6-8)	224	163	25	6
High skilled supervision (level 9-12)	299	215	28.76	8
Senior Management (level 13-16)	112	87	16.96	9
Other contract	48		0.00	48
Total	**830**	**612**	**26.27**	**75**

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2017

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Engineering Science related	3	3	0%	0
Engineers and related professionals	14	9	36%	0
Finance and economics related	63	36	43%	2
General Legal Administration and related professionals	7	5	29%	0
Total	**87**	**53**	**39%**	**2**

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 on 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16	4	4	100%	0	0%
Salary Level 15	10	7	70%	3	30%
Salary Level 14	28	23	82%	5	18%
Salary Level 13	86	52	60%	34	40%
Total	**129**	**87**	**67%**	**42**	**33%**

Table 3.3.2 SMS post information as on 30 September 2016

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	4	4	100%	0	0%
Salary Level 15	10	7	70%	3	30%
Salary Level 14	28	23	82%	5	18%
Salary Level 13	86	52	60%	34	40%
Total	**129**	**87**	**67%**	**42**	**33%**

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2016 and 31 March 2017

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

Table 3.3.4 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2016 and 31 March 2017

Reasons for vacancies not advertised within six months
The department is currently in the process of re-aligning the structure

Reasons for vacancies not filled within six months
The department is currently in the process of re-aligning the structure

Notes

- 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 his or her 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. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2016 and 31 March 2017

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 (Levels1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0	0
Highly skilled supervision							
(Levels 9-12)	0	0	0	0	0	0	0
Senior Management Service Band A	0	0	0	0	0	0	0
Senior Management Service Band B	0	0	0	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 and 31 March 2017

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

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Employees with a disability	0				

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2016 and 31 March 2017

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation				**0**
Percentage of total employed				**0**

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2016 and 31 March 2017

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Employees with a disability	0	0	0	0	0

Notes

- If there were no cases where the salary levels were higher than those determined by job evaluation, keep the heading and replace the table with the following:

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None

3.5 Employment Changes

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Number of employees at beginning of period-1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	34	0	0	0%
Skilled (Levels3-5)	85	0	2	2.35%
Highly skilled production (Levels 6-8)	184	0	7	3.80%
Highly skilled supervision (Levels 9-12)	169	0	6	3.55%
Senior Management Service Bands A	50	0	3	6%
Senior Management Service Bands B	22	0	1	4.55%
Senior Management Service Bands C	3	0	0	0%
Senior Management Service Bands D	2	0	0	0%
Other permanent	47	49	42	89.36%
Contracts (level 3-5)	4	1	4	100%
Contracts (level 6-8)	20	4	2	10%
Contracts (level 9-12)	13	0	1	7.69%
Contracts Band A	1	0	2	200%
Contracts Band B	5	0	1	20%
Contracts Band C	4	0	0	0%
Contracts Band D	4	1	1	25%
Total	**647**	**55**	**72**	**11.13%**

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2016 and 31 March 2017

Critical occupation	Number of employees at beginning of period-April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineering Sciences Related	3	0	0	0%
Engineers and related professionals	9	0	1	11%
Finance and economics related	36	0	3	8%
General legal admin and related professionals	5	0	0	0%
Total	**53**	**0**	**4**	**8%**

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.

The table below identifies the major reasons why staff left the department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2016 and 31 March 2017

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	20	36%
Expiry of contract	31	55%
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	2	4%
Retirement	3	5%
Transfer to other Public Service Departments	0	0
Other	0	0
Total number of employees who left as a % of total employment	**56**	**100%**

Table 3.5.4 Promotions by critical occupation for the period 1 April 2016 and 31 March 2017

Occupation	Employees 01 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progression to another notch with a salary level	Notch progression as a % of employees by occupation
Engineering science related	3	0	0	2	67%
Engineers and related professionals	9	0	0	4	44%
Finance and economics related	36	1	2.78	23	64%
General legal admin and related professionals	5	0	0	3	60%
Total	**53**	**1**	**1.89**	**32**	**60%**

Table 3.5.5 Promotions by salary band for the period 1 April 2016 and 31 March 2017

Salary Band	Employees 1 April 2016	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
Employment					
Lower skilled (1-2)	37	0	0	0	0
Skilled (Levels3-5)	110	1	1.18	49	58%
Highly skilled production (Levels 6-8) permanent	163	0	0	118	64%
Highly skilled supervision (Levels 9-12) permanent	215	0	0	157	93%
Senior Management (Level 13-16) permanent	87	3	3.90	5	6%
Other permanent					
Total	**612**	**4**	**0.65**	**333**	**54%**

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	28	1	2	2	26	2	1	3	65
Professionals	53	1	1	3	55	5	1	7	126
Technicians and associate professionals	87	2	1	3	87	3	4	5	192
Clerks	54	2	0	3	109	6	4	10	188
Service and sales workers	0	0	0	0	2	0	0	0	2
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	2	0	0	0	2	0	0	0	4
Elementary occupations	10	0	0	1	26	1	0	1	39
Total	**234**	**6**	**4**	**12**	**307**	**17**	**10**	**26**	**616**
Employees with disabilities	**4**	**0**	**0**	**1**	**2**	**0**	**1**	**0**	**8**

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	6	0	0	1	7	1	1	0	16
Senior Management	38	1	3	5	26	2	0	5	80
Professionally qualified and experienced specialists and mid-management	90	3	1	3	90	6	3	12	208
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	51	2	0	2	90	6	5	9	165
Semi-skilled and discretionary decision making	49	0	0	1	94	2	1	0	147
Total	**234**	**6**	**4**	**12**	**307**	**17**	**10**	**26**	**616**
Employees with disabilities	**4**	**0**	**0**	**1**	**2**	**0**	**1**	**0**	**8**

Table 3.6.3 Recruitment for the period 1 April 2016 to 31 March 2017

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

Table 3.6.4 Promotions for the period 1 April 2016 to 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	0	0	1	0	0	0	0	2
Professional qualified and experienced	0	0	0	0					
	0	0	0	0	0				
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Contract (Top management, permanent	0	0	0	0	0	0	0	0	0
Contract (professionally qualified)	0	0	0	0	0	0	0	0	0
Total	**3**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**4**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 3.6.5 Terminations for the period 1 April 2016 to 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	4	1	0	1	0	0	0	0	6
Professionally qualified and experienced specialists and mid-management	4	0	0	0	4	0	0	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	1	2	0	0	0	6
Semi-skilled and discretionary decision making	16	0	0	0	20	0	0	0	36
Total	**6**	**1**	**0**	**2**	**7**	**0**	**0**	**0**	**56**
Employees with Disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 3.6.6 Disciplinary action for the period 1 April 2016 to 31 March 2017

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

Table 3.6.7 Skills development for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	7	1	1	0	13	1	0	1	24
Professionals	61	0	1	5	74	5	3	2	151
Technicians and associate professionals	20	0	0	0	38	1	5	4	68
Clerks	63	1	0	0	161	3	1	0	229
Elementary occupations	1	0	0	0	0	0	0	0	1
Total	**152**	**2**	**2**	**5**	**286**	**10**	**9**	**7**	**473**
Employees with disabilities	**4**	**0**	**0**	**1**	**2**	**0**	**1**	**0**	**8**

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 for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2016

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	1	1	1	100%
Salary Level 15	6	5	3	60%
Salary Level 14	21	16	15	94%
Salary Level 13	67	50	48	96%
Total	**95**	**72**	**67**	**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 should change to 31 July 2017

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2016

Reasons
None

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

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

Reasons
SMS members who did not submit Performance agreements by the due date without valid reasons will be moderated however possible rewards and notch progression will not be implemented.

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

3.8 Performance Rewards

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2016 to 31 March 2017

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost	Average cost per employee
African					
Male	130	236	20.73%	R 2 512	R 19
Female	191	316	30.46%	R 3 126	R 16
Asian					
Male	1	4	0.16%	R 33	R 33
Female	7	9	1.12%	R 137	R 20
Coloured					
Male	3	7	0.48%	R 50	R 17
Female	8	17	1.28%	R 125	R 16
White					
Male	5	12	0.80%	R 160	R 32
Female	18	26	2.87%	R 479	R 27
Total	**363**	**627**		**R 6 622**	**R 18**

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2016 to 31 March 2017

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost R`000	Average cost per employee R`000	
Lower Skilled (Levels 1-2)						
Skilled (level 3-5)	63	105	17%	R 497	R 5	0.2%
Highly skilled production (level 6-8)	117	137	22%	R 1 486	R 11	0.5%
Highly skilled supervision (level 9-12)	171	198	32%	R 4 105	R 21	1.3%
Other	0	56	9%	R 0	R 0	0.0%
Contract (levels 3-5)	0	5	1%	R 0	R 0	0.0%
Contract (levels 6-8)	2	28	5%	R 23	R 1	0.0%
Contract (levels 9-12)	1	10	2%	R 20	R 2	0.0%
Total	**354**	**539**	**88%**	**R 6 130**	**R 39**	**1.9%**

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2016 to 31 March 2017

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost R`000	Average cost per employee R`000
Engineering Sciences Related	1	3	33%	44	15
Engineers and related professionals	9	8	113%	294	37
Finance and economics related	24	32	75%	473	15
General legal admin and related professionals	5	5	100%	77	15
Total	**39**	**48**		**888**	**19**

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;

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2016 to 31 March 2017

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	Average cost per employee	
				R`000	R`000	
Band B	8	22	23%	263	12	0.1%
Band C	2	11	11%	63	6	0.0%
Band D	0	6	6%	0	0	0.0%
Total	**16**	**96**	**100%**	**602**	**23**	**0.2%**

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 2016 and 31 March 2017

Salary band	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Senior Management Service (level 13-16)	1	1	0	0	0	0
Total	**1**	**0**	**0**	**0**	**0**	**0**

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2016 and 31 March 2017

Major occupation	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	1	100	0	0	0	-1

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 2016 to 31 December 2016

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract	173	38.49	52	9.80	4.78	311
Lower Skills (Level 1-2)	152	98.03	18	3.39	8.44	73
Skilled (levels 3-5)	969	53.66	99	18.64	9.79	636
Highly skilled production (levels 6-8)	1 150	47.74	134	25.24	8.58	1 383
Highly skilled supervision (levels 9 -12)	1 371	50.98	177	33.33	7.75	2 987
Top and Senior management (levels 13-16)	352	44.6	51	9.6	6.9	1 324
Total	**4 167**	**51.4**	**531**	**100**	**7.85**	**6 715**

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2016

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)
Lower skilled (Levels 1-2)	0	0	0	0	0	
Skilled (Levels 3-5)	228	100%	4	57%	57	120
Highly skilled production (Levels 6-8)	15	100%	1	14%	15	19
Highly skilled supervision (Levels 9-12)	29	100%	1	14%	29	52
Senior management (Levels 13-16)	17	100%	1	14%	17	56
Total	**289**	**100%**	**7**	**100%**	**41**	**248**

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 2016 to 31 December 2016

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract	1 140	145	8%
Lower skilled (Levels 1-2)	154	20	8%
Skilled Levels 3-5)	2 072	118	18%
Highly skilled production (Levels 6-8)	3 245	169	19%
Highly skilled supervision(Levels 9-12)	4 839	218	22%
Senior management (Levels 13-16)	1 627	81	20%
Total	**13 077**	**751**	**17%**

Table 3.10.4 Capped leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at the end of period	Number of Employees who took capped leave	Total number of capped leave available at the end of period	Number of employees as at the end of period 31 March 2017
Skilled Levels 3-5)	0	0	115.81	0	347.42	3
Highly skilled production (Levels 6-8)	0	0	21.03	0	315.52	15
Highly skilled supervision(Levels 9-12)	11	2.2	31.06	5	1 366.44	44
Senior management (Levels 13-16)	0	0	52.79	0	1 108.52	21
Total	**11**	**2.2**	**37.81**	**5**	**3 137.90**	**83**

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

Table 3.10.5 Leave payouts for the period 1 April 2016 and 31 March 2017

Reason	Total amount	Number of employees	Average per employee
Leave payout for 2016/2017 due to non-utilisation of leave for the previous cycle	R36 395	1	R36 395
Capped leave payouts on termination of service for 2017/03/31	R1 131 354	27	R41 902
Current leave payout on termination of service for 2017/03/31	R215 271	27	R7 973
Total	**R1 383 030**	**55**	**R25 146**

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

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

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Palesa Mokalapa Director: Ogranisational Transformation
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		The Department has an EHW unit at the level of Sub-directorate with two permanent officials. The EHW Coordinator at the Deputy-Director level and an Assistant-Director, who is a registered Social Worker
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.			Provision of onsite and offsite counselling to employees and their dependents on various psychosocial problems, training services on health promotion, including Wellness days and Health Calendar events and trauma debriefing services and Bereavement support.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		1. T. Ramovha, Chairperson, Acting Chief-Director: HRM 2. P. Mokalapa, Director: OT 3. H. Winkler, Director: HRD 4. D. Moodley, Director: FM (OHS) 5. C. Ramalepe, Director: HRM 6. S. Ngobeni, Acting Director: Labour Relations 7. Z. Adams, Ministry 8. B. Ntlantsana, Assistant-Director: DGs office 9. J. Mokolo, Deputy-Director: Finance 10. N. Diko, Deputy-Director: Capacity Development

Question	Yes	No	Details, if yes
			11. Q. Mathebula, Deputy-Director: Communications 12. R. Mafhala, Deputy-Director: EE, CM,BP Management 13.V. Marian, Peer Educator 14 D. Mahlaba, ASD: EHW 15. F. Hlongwane, Union representative 16. M. Ramakgale, Union representative 17. E. de Koker, Deputy-Director: EHW 18. M. Labuschagne, Secretary
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		No	
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Discrimination against HIV positive employees is dealt with according to the Departments 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 20% of employees attended HCT to know their HIV status during quarterly Wellness Days.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		No	

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2016 and 31 March 2017

Subject matter	Date
None	

Notes

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

Total number of Collective agreements
None

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2016 and 31 March 2017

Total number of Disciplinary hearings finalised
None

Notes

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

Total number of Disciplinary hearings finalised
None

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2016 and 31 March 2017

Type of misconduct	Number	% of total
Failure to disclose and various other acts of misconduct	1	100
Total	1	100

Table 3.12.4 Grievances logged for the period 1 April 2016 and 31 March 2017

Grievances	Number	% of Total
Number of grievances resolved	18	62.1%
Number of grievances not resolved	11	37.9%
Total number of grievances lodged	**29**	**100%**

Table 3.12.5 Disputes logged with Councils for the period 1 April 2016 and 31 March 2017

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	4	66.6%
Total number of disputes lodged	**4**	**100%**

Table 3.12.6 Strike actions for the period 1 April 2016 and 31 March 2017

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2016 and 31 March 2017

Number of people suspended	1
Number of people who's suspension exceeded 30 days	1
Average number of days suspended	365
Cost of suspension(R'000)	R1 070

3.13 Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2016 and 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training (Internship & Workplace Integrated Learning)	Total
Legislators, senior officials and managers	Female	32	0	15	0	15
	Male	34	0	15	0	15
Professionals	Female	68	0	50	0	50
	Male	58	0	35	0	35
Technicians and associate professionals	Female	98	0	25	0	25
	Male	93	0	15	0	15
Clerks	Female	129	22	73	32	127
	Male	57	28	47	17	92
Plant and machine operators and assemblers	Female	2	0	0	0	0
	Male	2	1	0	0	1
Elementary occupations	Female	28	1	5	0	6
	Male	11	0	2	0	2
Sub Total	Female	357	23	168	32	223
	Male	255	29	114	17	160
Total		**612**	**52**	**282**	**49**	**383**

Table 3.13.2 Training provided for the period 1 April 2016 and 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	40	0	-	18th EAPA SA conference	1
				-	18 Corporate Governance conference	1
				Being A Director-series 4	-	1
				Cobit Foundation & implementation	-	1
				Employment Equity training	-	1
				Microsoft Visio	-	3
				EDP	-	74
	Male	53	0	Housing Policy Dev & Man	-	1
				Customised Excel Training (Adv & Int)	-	1
				SHERQMAT	-	1
				EDP	-	4
				Employment Equity training	-	1
				Spatial Planning	-	1
Professionals	Female	112	0	Housing Policy Dev & Man		2
				Development Communication Certificate A- Module 1		2
					CCMA Rules & Legal Drafting: Dispute Resolution	1
				Effective Supervision Management	-	1
				Project Management: Public Service	-	5
				CIP Module 2 level 6-12	-	7
				Advanced computer training	-	2
				AMDP Block 1	-	12
				AMDP Block 2	-	12
				AMDP Block 3	-	12
				Development Communication Certificate: Module A: Module 2	-	2
				Development Communication Certificate: Module A: Module 3	-	2
				Microsoft Visio	-	10
				EDP	-	4
				Pilir Policy-Procedure on incapacity leave & ill Health Retirement	-	1

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Professionals	Female			Employment Equity training	-	2
				Contract Drafting & Management	-	1
				Spatial Planning	-	1
				-	18 EAPA Conference	1
				Combined Assurance – Internal Auditors to take lead		1
					Juta Annual Labour Law seminar	1
				Tools & Techniques: Internal Auditors: Block 3	-	1
				Financial Auditing: Internal Auditors in Public Service	-	1
	Male	101	0	Housing Policy Dev & Man	-	2
				CCMA Rules & Legal Drafting: Dispute Resolution	-	1
				CIP Module 2 level 6-12	-	6
				Intermediate Computer Course	-	1
				Customised Excel training (Intermediate and Advanced)	-	1
				AMDP Block 1	-	9
				AMDP Block 2	-	9
				AMDP Block 3	-	9
				Microsoft Visio	-	10
				SHERQMAT	-	1
				EDP	-	2
				Pilir Policy-Procedure on incapacity leave & ill Health Retirement	-	1
				Employment Equity training	-	8
				ACLR Functions & Foundations training	-	2
				Operational Risk Management training	-	1
				-	IRMSA Annual Conference	1
				Effective Reporting	-	1
				Tool and Techniques for Internal Auditors Block 3	-	2

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	112	0	Performance Management	-	1
				Effective Supervision Management	-	1
				Project Management in the Public Service	-	1
				CIP Module 2 level 1-5	-	4
				CIP Module 2 level 6-12	-	8
				Intermediate Computer Course	-	1
				Customised Excel training (Intermediate and Advanced)	-	2
				AMDP Block 1	-	1
				AMDP Block 2		1
				AMDP Block 3	-	1
				EMDP Block 1	-	6
				EMDP Block 2	-	6
				EMDP Block 3	-	6
				Pilir Policy-Procedure on incapacity leave & ill Health Retirement	-	5
				Employment Equity Training	-	2
				-	18th Annual EAPA - SA Conference	1
				-	Juta's Annual Labour Law Seminar	1
	Male	56	0	Effective Supervision Management	-	1
				Project Management in the Public Service	-	2
				CIP Module 2 Level 6-12	-	6
				Intermediate Computer Course	-	1
				Customised Excel training (Intermediate and Advanced)	-	3
				AMDP Block 1	-	1
				Pilir Policy-Procedure on incapacity leave & ill Health Retirement	-	4
				Employment Equity Training	-	1
				Contract Drafting & Management	-	1

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Female	72	0	Housing Policy Development & Management	-	6
				Project Management in the Public Service	-	6
				CIP Module 2 Level 1-5	-	11
				CIP Module 2 Level 6-12	-	9
				Intermediate Computer Course	-	3
				Advanced Computer Course	-	5
				Customised Excel training (Interm & Adv)	-	4
				AMDP Block 1	-	1
				AMDP Block 2	-	1
				EMDP Block 1	-	9
				EMDP Block 2	-	9
				EMDP Block 3	-	9
				Microsoft Visio	-	3
				Effective Supervision Management	-	1
				AMDP Block 2	-	1
				Employment Equity Training	-	2
				BB to E: Public Service	-	28
			28	-	DHS Internship	28
			5	-	DHS WIL	5
			23	Public Adm Learnership NQF 5	-	23
	Males	39	0	Project Management in the Public Service	-	5
				CIP Module 2 Level 1-5	-	7
				Advanced Computer Course	-	3
				EMDP Block 1	-	1
				EMDP Block 2	-	1
				EMDP Block 3	-	1
				Microsoft Visio	-	1
				SHERQMAT	-	1
				Effective Supervision Management	-	1

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Males			BB to E: Public Service	-	20
			11	-	DHS Internship	11
			5	-	DHS WIL	5
			7	Public Adm Learnership NQF 5	-	7
Elementary occupations	Female	31	0	-	-	0
	Male	14	0	CIP Module 2 Level 1-5	-	1
Sub Total	Female	357	56			311
	Male	215	23			161
Total		**612**	**79**			**472**

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2016 and 31 March 2017

Nature of injury on duty	Number	% of total
Required basic medical attention only	5	100
Temporary Total Disablement	0	0%
Permanent Disablement	0	0%
Fatal	0	0%
Total	**5**	**100**

3.15 Utilisation of Consultants

The following table relates 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 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2016 and 31 March 2017

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Bid VA49/493: Evaluation of impact of Human Settlements Development Programmes on the Environment during Implementation of the 2nd Edition of Environmental Implementation Plan (EIP)	Teams	15 weeks	R830 250,00
VA49/461: Municipal Accreditation Capacity and Compliance Assessment Panel	Teams	8 weeks	R230 400,00
Auditor General fee for DHS for 2016/17	Teams	12 months	R7 932 272,00
Supply and Assistance to the Debtors System in DHS by Dimension Data: for 12 months	2	12 months	R2 400 000,00
Bid VA49/515: Development of Informal Settlements Upgrading Programmes in Ekurhuleni Metropolitan Municipality	Teams	40 weeks	R2 594 959,00
Bid VA49/533 Development of Informal Settlements Upgrading Programmes in Khaima, Siyanquma, Siyathemba and Ubuntu Local Municipality	Teams	38 weeks	R1 303 020,00
Bid VA49/536: Development of Informal Settlements Upgrading Programmes in Msunduzi Local Municipality	Teams	40 weeks	R1 721 400,00
Bid VA50/214: The Review the Govan Mbeki Awards Framework and Implementation Plan	Teams	18 weeks	R472 664,00
Bid VA49/537: Development of Informal Settlements Upgrading Programmes in Eastern Cape Municipalities	Teams	42 weeks	R1 849 878,00
Bid VA50/242: Appointment of Initiator/Employer Representative in the SMS Disciplinary Action	1		R300 000,00
Bid VA49/516: Extension - Appointment of a Forensic Investigator for Nelson Mandela Bay Metropolitan Municipality	Teams	6 weeks	R1 303 020,00
NUSP – Produce content & Materials for the Introduction to informal Settlements Upgrading Course	Teams	12 months	R1 721 400,00
Bid VA49/469: Additional Scope of work to provide participatory based planning support and facilitation for Ekhekwini Metropolitan Municipality Informal Settlement Upgrading	Teams	6 weeks	R288 000.00
Bid VA49/542: Development of Informal Settlements Upgrading Programmes in Ventersdorp Municipality	Teams	40 weeks	R981 780,00
Bid VA49/526: Development of Informal Settlements Upgrading Programmes in Ekurhuleni Metropolitan Municipality	Teams	45 weeks	R1 315 196,00

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Bid VA49/535: Service Provider to review and realign the Departmental Organisational Structure and Provide specialized Human Resources Services	Teams	6 months	R1 695 118,00
Bid VA50/215: Develop a Management Performance Assessment tool for the Department's Entities	Teams	4 months	R400 140,00
Appointment of Independent Auditor for the Govan Mbeki National Awards	2	2 weeks	R120 000,00
Bid VA49/541: Provision of Participatory Planning Support for Informal Settlement Upgrading Progamme in Joe Gqabi District Municipality	Teams	40 weeks	R894 900,00
Bid VA50/247: Appointment of a Professional Resource Team (PRT) to Revise and Update the Housing Project Process Guide (September 2009)	Teams	4 months	R450 300,00
Bid VA49/540: Provision of Participatory Planning Support for Informal Settlement Upgrading Progamme in Chris Hani District Municipality	Teams	45 weeks	R1 754 175,00
Bid VA49/543: Procurement of a Services Provider through the Government Technical Advisory Centre (GTAC) for the Consolidation of the Development Finance Institution Project and Related Matters	Teams	45 weeks	R7 200 000,00
Appointment of Employee Assistance Wellness Programme [EAP] for 12 months appointment	Teams	12 months	R152 279,00
Bid VA50/238: Assistance with the review of the Municipal Accreditation Framework	Teams	12 weeks	R481 992,00
Bid VA49/532: Appointment of a Service Provider for the Upgrading of the Monitoring Evaluation Impact Assessment (MEIA) System	Teams	9 months	R2 513 883,00
Bid VA49/377: Internal Audit Prof Services: To Assist the Internal Audit unit with the Performance Audit and Information Systems Audits from 2014 – 2016.	Teams	6 months	R13 629 084,00
Bid VA50/218: Perform External Quality Assurance Review for the Directorate Internal Audit.	Teams	10 weeks	R233 130,00
Bid VA50/223: Verify the Reported Delivery of Serviced sites and housing units of the Northern Cape Provincial Human Settlements Development Grant in the 2015/16 Financial Year	Teams	20 weeks	R493 882,00
Bid VA49/515: Provision of Participatory Planning Support for Informal Settlement Upgrading Progamme in Ekurhuleni Local Municipality	Teams	45 weeks	R2 594 959,00
Bid VA 50/247: Revise the Housing Project Process Guide – 2009	Teams	8 weeks	R135 090,00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
30	Teams	Up to 12 months	R57 993 171,00

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 and 31 March 2017

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	0	0	0

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2016 and 31 March 2017

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None	0	0	0

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None	0	0	0

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 and 31 March 2017

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
0	0	0	0

3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2016 and 31 March 2017

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

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PART E:

FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL

1. 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 165 to 237, which comprise the appropriation statement, the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Department of Human Settlements as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) prescribed by National Treasury, the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 03 of 2016) (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 financial statements section of my report.

4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2017.

Other matters

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

Unaudited supplementary schedules

9. The supplementary information set out on pages 238 to 245 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS, 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.

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

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

12. 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 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.

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

Report on the audit of the annual performance report

Introduction and scope

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

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

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – Human Settlements Policy, Strategy and Planning	38 - 41
Programme 3 – Human Settlements Delivery Support	43 - 49
Programme 4 – Housing Development Finance	51 - 52

17. 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.

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

Programme 2 – Human Settlements Policy, Strategy and Planning

Indicator: Number of title deeds backlog eradicated

19. I was unable to obtain sufficient appropriate audit evidence for the reported actual performance of the target for the number of tittle deeds backlog eradicated. This was due to lack of adequate source documentation to support the reported achievement. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported actual performance of 67 449 title deeds backlog eradicated.

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
    - Programme 3: Human Settlements Delivery Support
    - Programme 4: Housing Development Finance

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on pages 38 to 41, 43 - 49 and 51 to 52 for information on the achievement of planned targets for the year and explanations provided for the under and overachievement of a number of targets. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraph 19 of this report.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Human Settlements Policy, Strategy and Planning and Programme 3: Human Settlements Delivery Support. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are included in the paragraphs 19 of this report.

Report on audit of compliance with legislation

Introduction and scope

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

25. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Financial statements, performance and annual reports

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(b) of the PFMA. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

27. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R2 587 173, as disclosed in note 25 to the annual financial statements, in contravention of section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.

Other information

28. The department's accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

29. 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.

30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. 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

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the performance report and the findings on compliance with legislation included in this report.

Financial and performance management

32. The reported achievement for a material indicator was not adequately supported and evidenced by reliable information. This was due to the systems and processes to enable reliable reporting of the actual achievement being halted during the year under review.

33. The financial statements contained misstatements that were corrected. This was mainly due to inadequate controls over investments and accruals.

34. Fruitless and wasteful expenditure was incurred due to inadequate preventative controls.

Auditor - General

Pretoria
31 August 2017

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL

ANNEXURE:

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in 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 department's internal control.
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
   - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Department of Human Settlement's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a department to cease to continue as a going concern.
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

   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 here applicable, related safeguards.

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APPROPRIATION STATEMENT *for the year ended 31 March 2017*

Appropriation per programme

	2016/17							2015/16	
	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
Programme									
1. Administration	460,059	-	(4,600)	455,459	420,897	34,562	92.4%	435,251	411,074
2. Human Settlements Policy, Strategy and Planning	88,062	-	4,213	92,275	86,600	5,675	93.8%	77,493	75,738
3. Human Settlements Delivery Support	217,298	-	387	217,685	151,742	65,943	69.7%	166,690	120,796
4. Housing Development Finance	29,930,937	-	-	29,930,937	29,927,992	2,945	100.0%	29,863,947	29,426,936
Subtotal	**30,696,356**	**-**	**-**	**30,696,356**	**30,587,231**	**109,125**	**99.6%**	**30,543,381**	**30,034,544**

	2016/17		2015/16	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	539		1,237	
NRF Receipts				
Aid assistance	693		640	
Actual amounts per statement of financial performance (total revenue)	30,697,588		30,545,258	
ADD				
Aid assistance		66		483
Prior year unauthorised expenditure approved without funding				
Actual amounts per statement of financial performance (total expenditure)		30,587,297		30,035,027

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

Appropriation per economic classification

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**757,793**	**(10,746)**	**(1,082)**	**745,965**	**657,797**	**88,168**	**88.2%**	**667,188**	**603,669**
Compensation of employees	***371,491***	***1***	***-***	***371,492***	***325,288***	***46,204***	***87.6%***	***315,384***	***310,151***
Salaries and wages	318,246	7,094	-	325,340	290,434	34,906	89.3%	278,392	275,281
Social contributions	53,245	(7,093)	-	46,152	34,854	11,298	75.5%	36,992	34,870
Goods and services	***386,302***	***(10,759)***	***(1,082)***	***374,461***	***332,497***	***41,964***	***88.8%***	***351,800***	***293,514***
Administrative fees	465	(77)	-	388	244	144	62.9%	440	324
Advertising	24,712	(11,196)	-	13,516	13,501	15	99.9%	20,727	20,019
Minor assets	3,736	(2,582)	-	1,154	619	535	53.6%	2,753	1,664
Audit costs: External	8,894	(1,413)	-	7,481	7,481	-	100.0%	7,169	7,169
Bursaries: Employees	1,980	(1,144)	-	836	834	2	99.8%	980	974
Catering: Departmental activities	3,393	(1,208)	-	2,185	2,174	11	99.5%	5,922	4,568
Communication	10,296	230	-	10,526	9,658	868	91.8%	10,972	9,798
Computer services	69,340	(2,333)	-	67,007	53,261	13,746	79.5%	50,131	43,874
Consultants: Business and advisory services	119,815	(8,641)	(18,581)	92,593	70,668	21,925	76.3%	63,489	34,484
Legal services	3,181	(2,430)	600	1,351	1,351	-	100.0%	3,003	2,994
Contractors	3,585	4,077	-	7,662	7,603	59	99.2%	1,090	749
Agency and support / outsourced services	2,949	(58)	-	2,891	3,034	(143)	104.9%	3,187	2,207
Entertainment	516	(205)	-	311	190	121	61.1%	318	200
Fleet services	1,710	(458)	-	1,252	1,284	(32)	102.6%	1,944	1,777
Inventory: Clothing material and supplies	456	(209)	-	247	198	49	80.2%	307	267

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Food and food supplies	41	(41)	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	1	-
Inventory: Materials and supplies	127	(58)	-	69	42	27	60.9%	68	27
Inventory: Medical supplies	-	-	-	-	1	(1)	(100%)	-	-
Inventory: Other supplies	43	(26)	-	17	-	17	-	-	-
Consumable supplies	1,823	(484)	-	1,339	1,230	109	91.9%	1,159	918
Consumable: Stationery, printing and office supplies	8,205	(3,722)	(19)	4,464	3,328	1,136	74,6%	5,812	4,082
Operating leases	28,893	9,573	(20)	38,446	38,228	218	99.4%	34,355	34,216
Property payments	12,145	(2,984)	-	9,161	9,129	32	99.7%	8,934	8,901
Travel and subsistence	53,051	13,808	4,016	70,875	69,869	1,006	98.6%	77,752	72,211
Training and development	4,704	(1,952)	-	2,752	2,752	-	100.0%	8,910	2,291
Operating payments	10,135	(2,121)	22	8,036	6,793	1,243	84.5%	8,672	6,868
Venues and facilities	12,107	4,895	12,900	29,902	29,025	877	97.1%	33,705	32,932
Interest and rent on land	*-*	*12*	*-*	*12*	*12*	*-*	*100.0%*	*4*	*4*
Interest	-	12	-	12	12	-	100.0%	4	4
Rent on land									
Transfers and subsidies	**29,821,469**	**1,522**	**1,001**	**29,823,992**	**29,822,601**	**1,391**	**100.0%**	**29,693,494**	**29,255,449**
Provinces and municipalities	*29,123,459*	*-*	*-*	*29,123,459*	*29,123,459*	*-*	*100.0%*	*28,957,020*	*28,957,020*
Provinces	18,283,991	-	-	18,283,991	18,283,991	-	100.0%	18,302,675	18,302,675
Provincial Revenue Funds	18,283,991	-	-	18,283,991	18,283,991	-	100.0%	18,302,675	18,302,675
Municipalities	10,839,468	-	-	10,839,468	10,839,468	-	100.0%	10,654,345	10,645,345
Municipal bank accounts	10,839,468	-	-	10,839,468	10,839,468	-	100.0%	10,654,345	10,645,345

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

	2016/17							2015/16	
	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
Departmental agencies and accounts	*682,395*	-	-	*682,395*	*682,395*	-	*100.0%*	*724,507*	*287,906*
Departmental agencies and accounts	682,395	-	-	682,395	682,395	-	100.0%	724,507	287,906
Higher education institutions	-	-	3,500	3,500	3,500	-	100.0%	-	-
Foreign governments and international organisations	1,211	-	713	1,924	1,923	1	99.9%	1,368	1,368
Public corporations and private enterprises	*5,000*	-	-	*5,000*	*5,000*	-	*100.0%*	-	-
Public corporations	5,000	-	-	5,000	5,000	-	100.0%	-	-
Other transfers to public corporations	5,000	-	-	5,000	5,000	-	100.0%	-	-
Households	*9,404*	*1,522*	*(3,212)*	*7,714*	*6,324*	*1,390*	*82.0%*	*10,599*	*9,155*
Social benefits		1,530	43	1,573	1,479	94	94.0%	1,797	1,773
Other transfers to households	9,404	(8)	(3,255)	6,141	4,845	1,296	78.9%	8,802	7,382
Payments for capital assets	17,061	9,107	-	26,168	6,611	19,557	25.3%	21,368	14,108
Building and other fix structure	-	-	-	-	-	-	-	*245*	*236*
Other fixed structures	-	-	-	-	-	-	-	245	236
Machinery and equipment	*16,771*	*7,662*	-	*24,433*	*6,540*	*17,893*	*26.8%*	*21,052*	*13,810*
Transport equipment	-	-	-	-	-	-	-	3,284	2,885
Other machinery and equipment	16,771	7,662	-	24,433	6,540	17,893	26.8%	17,768	10,925
Intangible assets	*290*	*1,445*	-	*1,735*	*71*	*1,664*	*4.1%*	*71*	*62*
Payments for financial assets	100,033	117	81	100,231	100,222	9	100.0%	161,331	161,318
Total	30,696,356	-	-	30,696,356	30,587,231	109,125	99.6%	30,543,381	30,034,544

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

Programme 1: Administration

	2016/17							2015/16	
	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	60,224	7,827	1,000	69,051	75,621	(6,570)	109.5%	81,066	78,568
2. Departmental Management	102,143	(5,582)	(15,000)	81,561	63,882	17,679	78.3%	63,745	56,575
3. Corporate Service	205,943	(6,054)	9,400	209,289	189,215	20,074	90.4%	202,029	188,384
4. Property Management	39,900	7,225	-	47,125	47,093	32	99.9%	42,077	42,039
5. Financial Management	51,849	(3,416)	-	48,433	45,086	3,347	93.1%	46,334	45,508
Total for sub programmes	**460,059**	**-**	**(4,600)**	**455,459**	**420,897**	**34,562**	**92.4%**	**435,251**	**411,074**
Economic classification									
Current payments	**445,346**	**(8,702)**	**(4,874)**	**431,770**	**414,030**	**17,740**	**95.9%**	**417,691**	**398,858**
Compensation of employees	***216,459***	**-**	**-**	***216,459***	***194,399***	***22,060***	***89.8%***	***190,183***	***186,765***
Salaries and wages	179,983	6,085	-	186,068	172,825	13,243	92.9%	167,842	165,562
Social contributions	36,476	(6,085)	-	30,391	21,574	8,817	71.0%	22,341	21,203
Goods and services	***228,887***	***(8,702)***	***(4,874)***	***215,311***	***219,631***	***(4,320)***	***102.0%***	***227,504***	***212,089***
Administrative fees	405	(77)	-	328	227	101	69.2%	419	304
Advertising	24,601	(11,331)	-	13,270	13,261	9	99.8%	19,457	19,094
Minor assets	2,534	(1,979)	-	555	554	-	93.4%	1,786	1,130
Audit costs: External	8,894	(1,413)	-	7,481	7,481	-	100.0%	7,169	7,169
Bursaries: Employees	1,980	(1,162)	-	818	818	-	100.0%	980	974
Catering: Departmental activities	1,496	(523)	-	973	1,301	(328)	133.7%	3,862	2,814
Communication	6,801	385	-	7,186	7,135	51	99.3%	7,440	7,117
Computer services	42,439	(372)	-	42,067	41,496	571	98.6%	50,043	43,835
Consultants: Business and advisory services	39,362	(4,194)	(16,096)	19,072	18,266	806	95.8%	9,955	8,076
Legal services	3,181	(2,430)	600	1,351	1,351	-	100.0%	3,003	2,994
Contractors	3,371	2,564	-	5,935	5,995	(60)	101.0%	1,015	740

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

Programme 1: Administration

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Agency and support/outsourced services	2,699	(418)	-	2,281	2,432	(151)	106.6%	2,430	2,207
Entertainment	338	(184)	-	154	152	2	98.7%	246	165
Fleet services	1,710	(460)	-	1,250	1,284	(34)	102.7%	1,944	1,777
Inventory: Clothing material and supplies	216	(111)	-	105	94	11	89.5%	49	9
Inventory: Food and food supplies	38	(38)	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	1	-
Inventory: Materials and supplies	90	(54)	-	36	35	1	97.2%	37	20
Inventory: Medical supplies	-	-	-	-	1	(1)	(100%)	-	-
Inventory: Other supplies	38	(26)	-	12	-	12	0%	-	-
Consumable supplies	1,161	(198)	-	963	970	(7)	100.7%	955	798
Consumable: Stationery, printing and office supplies	4,864	(2,656)	43	2,251	2,243	8	99.6%	4,091	3,272
Operating leases	28,600	9,628	-	38,228	38,228	-	100.0%	34,222	34,216
Property payments	12,145	(2,984)	-	9,161	9,129	32	99.7%	8,934	8,901
Travel and subsistence	26,007	10,038	1,662	37,707	43,048	(5,341)	114.2%	46,066	44,368
Training and development	4,704	(1,952)	-	2,752	2,752	-	100.0%	2,803	2,290
Operating payments	6,344	(3,192)	117	3,269	3,274	(5)	100.2%	4,194	3,504
Venues and facilities	4,869	4,437	8,800	18,106	18,104	2	100.0%	16,403	16,315
Interest and rent on land	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*4*	*4*
Interest	-	-	-	-	-	-	-	4	4
Transfers and subsidies	**49**	**1,326**	**193**	**1,568**	**1,521**	**47**	**97.0%**	**1,047**	**1,038**
Households	*49*	*1,326*	*193*	*1,568*	*1,521*	*47*	*97.0%*	*1,047*	*1,038*

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

Programme 1: Administration

	2016/17							2015/16	
	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
Social benefits	-	1,329	43	1,372	1,371	1	99.9%	964	957
Other transfers to households	49	(3)	150	196	150	46	76.5%	83	81
Payments for capital assets	**14,632**	**7,331**	**-**	**21,963**	**5,189**	**16,774**	**23.6%**	**16,262**	**10,928**
Buildings and other fixed structures	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*245*	*236*
Other fixed structures	-	-	-	-	-	-	-	245	236
Machinery and equipment	*14,342*	*7,294*	*-*	*21,636*	*5,132*	*16,504*	*23.7%*	*15,946*	*10,630*
Transport equipment	-	-	-	-	-	-	-	3,284	2,885
Other machinery and equipment	14,342	7,294	-	21,636	5,132	16,504	23.7%	12,662	7,745
Intangible assets	*290*	*37*	*-*	*327*	*57*	*270*	*17.4%*	*71*	*62*
Payments for financial assets	**32**	**45**	**81**	**158**	**157**	**1**	**99.4%**	**251**	**250**
Total by Economic Classification	**460,059**	**-**	**(4,600)**	**455,459**	**420,897**	**34,562**	**92.4%**	**435,251**	**411,074**

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

1.1 Ministry

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**59,024**	**7,857**	**876**	**67,757**	**74,903**	**(7,146)**	**110.5%**	**76,502**	**74,815**
Compensation of employees	34,630	-	-	34,630	33,700	930	97.3%	31,964	31,513
Goods and services	24,394	7,857	876	33,127642	41,203	(8,076)	124.4%	44,538	43,302
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	**-**	**36**	**43**	**79**	**79**	**-**	**100.0%**	**68**	**68**
Households	-	36	43	79	79		100.0%	68	68
Payments for capital assets	**1,170**	**(52)**	**-**	**1,118**	**542**	**576**	**48.5%**	**4,330**	**3,519**
Buildings and other fixed structures									
Machinery and equipment	1,149	(52)	-	1,097	523	574	47.7%	4,330	3,519
Intangible assets	21	-	-	21	19	2	90.5%	-	-
Payments for financial assets	**30**	**(14)**	**81**	**97**	**97**	**-**	**100.0%**	**166**	**166**
Total	**60,224**	**7,827**	**1,000**	**69,051**	**75,621**	**(6,570)**	**109.5%**	**81,066**	**78,568**

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

1.2 Departmental Management

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**100,705**	**(5,956)**	**(15,150)**	**79,599**	**62,604**	**16,995**	**78,6%**	**62,668**	**55,778**
Compensation of employees	50,278	-	-	50,278	36,167	14,111	71.9%	39,752	37,571
Goods and services	50,427	(5,956)	(15,150)	29,321	26,437	2,884	90.2%	22,916	18,207
Transfers and subsidies	**3**	**168**	**150**	**321**	**320**	**1**	**99.7%**	**80**	**75**
Households	3	168	150	321	320	1	99.7%	80	75
Payments for capital assets	**1,433**	**196**	**-**	**1,629**	**947**	**682**	**58.1%**	**956**	**682**
Buildings and other fixed structures									
Machinery and equipment	1,433	196	-	1,629	947	682	58.1%	956	682
Payments for financial assets	**2**	**10**	**-**	**12**	**11**	**1**	**91.7%**	**41**	**40**
Total	102,143	(5,582)	(15,000)	81,561	63,882	17,679	78.3%	63,745	56,575

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

1.3 Corporate Services

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**194,606**	**(14,031)**	**9,400**	**189,975**	**185,353**	**4,622**	**97.6%**	**191,992**	**182,520**
Compensation of employees	97,545	(64)	-	97,545	93,721	3,824	96.1%	87,927	87,417
Goods and services	97,061	(14,031)	9,400	92,430	91,632	798	99.1%	104,061	95,099
Interest and rent on land	-	-	-	-	-	-	-	4	4
Transfers and subsidies	**46**	**751**	**-**	**797**	**751**	**46**	**94.2%**	**896**	**893**
Households	46	751	-	797	751	46	94.2%	896	893
Payments for capital assets	**11,291**	**7,187**	**-**	**18,478**	**3,072**	**15,406**	**16.6%**	**9,121**	**4,951**
Machinery and equipment	11,022	7,150	-	18,172	3,034	15,138	16.7%	8,805	4,653
Intangible assets	269	37	-	306	38	268	12.4%	71	62
Payments for financial assets	**-**	**39**	**-**	**39**	**39**	**-**	**100.0%**	**20**	**20**
Total	**205,943**	**(6,054)**	**9,400**	**209,289**	**189,215**	**20,074**	**90.4%**	**202,029**	**188,384**

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

1.4 Property Management

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	39,900	7,225	-	47,125	47,093	32	99.9%	42,077	42,039
Goods and services	39,900	7,225	-	47,125	47,093	32	99.9%	42,077	42,039
Total	39,900	7,225	-	47,125	47,093	32	99.9%	42,077	42,039

1.5 Financial Management

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	51,111	(3,797)	-	47,314	44,077	3,237	93.2%	44,452	43,706
Compensation of employees	34,006	-	-	34,006	30,811	3,195	90.6%	30,540	30,264
Goods and services	17,105	(3,797)	-	13,308	13,266	42	99.7%	13,912	13,442
Transfers and subsidies	-	371	-	371	371	-	100.0%	3	2
Households	-	371	-	371	371	-	100.0%	3	2
Payments for capital assets	738	-	-	738	628	110	85.1%	1,855	1,776
Machinery and equipment	738	-	-	738	628	110	85.1%	1,855	1,776
Payments for financial assets	-	10	-	10	10	-	100.0%	24	24
Total	51,849	(3,416)	-	48,433	45,086	3,347	93.1%	46,334	45,508

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

Programme 2: Human Settlements Policy, Strategy and Planning

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Management For Policy, Strategy and Planning	7,424	933	-	8,357	7,561	796	90.5%	7,980	7,420
2. Human Settlements Policy Frameworks	30,951	(572)	-	30,379	27,949	2,430	92.0%	29,335	29,177
3. Human Settlements Strategy and Planning	49,687	(361)	4,213	53,539	51,090	2,449	95.4%	40,178	39,141
Total for sub programmes	**88,062**	**-**	**4,213**	**92,275**	**86,600**	**5,675**	**93.8%**	**77,493**	**75,738**
Economic classification									
Current payments	**80,864**	**(222)**	**3,405**	**84,047**	**79,016**	**5,031**	**94.0%**	**74,021**	**72,882**
Compensation of employees	***55,723***	***1***	***-***	***55,724***	***53,422***	***2,302***	***95.9%***	***49,863***	***49,805***
Salaries and wages	48,972	591	-	49,563	48,302	1,261	97.5%	44,707	44,684
Social contributions	6,751	(590)	-	6,161	5,120	1,041	83.1%	5,156	5,121
Goods and services	***25,141***	***(226)***	***3,405***	***28,320***	***25,591***	***2,729***	***90.4%***	***24,158***	***23,077***
Advertising	2	125	-	127	121	6	95.3%	400	382
Minor assets	435	(273)	-	162	27	135	16.7%	264	158
Catering: Departmental activities	1,149	(543)	-	606	521	85	86.0%	669	628
Communication	1,471	(31)	-	1,440	1,257	183	87.3%	1,371	1,311
Computer services	-	1	-	1	1	-	100.0%	-	-
Consultants: Business and advisory services	4,759	(3,026)	-	1,733	1,099	634	63.4%	2,261	2,149
Contractors	6	22	-	28	24	4	85.7%	12	3
Agency and support/outsourced services	-	-	-	-	-	-	-	5	-
Entertainment	42	(2)	-	40	19	21	47.5%	22	16
Inventory: Clothing material and supplies	240	(98)	-	142	104	38	73.2%	258	258
Inventory: Food and food supplies	3	(3)	-	-	-	-	-	-	-
Inventory: Materials and supplies	29	(10)	-	19	4	15	21.1%	7	4

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

Programme 2: Human Settlements Policy, Strategy and Planning

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable supplies	447	(169)	-	278	226	52	81.3%	148	101
Consumable: Stationery, printing and office supplies	824	(246)	-	578	414	164	71.6%	381	286
Travel and subsistence	11,476	3,884	500	15,860	14,821	1,039	93.4%	14,704	14,240
Operating payments	817	(102)	(95)	620	416	204	67.1%	683	649
Venues and facilities	3,441	245	3,000	6,686	6,537	149	97.8%	2,973	2,892
Interest and rent on land	*-*	*3*	*-*	*3*	*3*	*-*	*100.0%*	*-*	*-*
Interest	-	3	-	3	3	-	100.0%	-	-
Transfers and subsidies	**6,211**	**11**	**808**	**7,030**	**7,028**	**2**	**100.0%**	**1,609**	**1,609**
Departmental agencies and accounts									
Foreign governments and international organisations	1,211	-	713	1,924	1,923	1	99.9%	1,368	1,368
Public corporations and private enterprises	*5,000*	*-*	*-*	*5,000*	*5,000*	*-*	*100.0%*	*-*	*-*
Public corporations	5,000	-	-	5,000	5,000	-	100.0%	-	-
Other transfers to public corporations	5,000			5,000	5,000		100.0%	-	-
Households	*-*	*11*	*95*	*106*	*105*	*1*	*99.1%*	*241*	*241*
Social benefits	-	11	-	11	-	11	-	241	241
Other transfers to households	-	-	95	95	105	(10)	110.5%	-	-
Payments for capital assets	**986**	**200**	**-**	**1,186**	**546**	**640**	**46.0%**	**1,836**	**1,221**
Machinery and equipment	*986*	*200*	*-*	*1,186*	*546*	*640*	*46.0%*	*1,836*	*1,221*
Other machinery and equipment	986	200	-	1,186	546	640	46.0%	1,836	1,221
Payments for financial assets	**1**	**11**	**-**	**12**	**10**	**2**	**83.3%**	**27**	**26**
Total	**88,062**	**-**	**4,213**	**92,275**	**86,600**	**5,676**	**93.8%**	**77,493**	**75,738**

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

2.1 Management For Policy, Strategy And Planning

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**7,301**	**904**	**-**	**8,205**	**7,506**	**699**	**91.5%**	**7,568**	**7,068**
Compensation of employees	4,904	934	-	5,838	5,778	60	99.0%	4,915	4,906
Goods and services	2,397	(30)	-	2,367	1,728	639	73.0%	2,653	2,162
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**172**	**172**
Households	-	-	-	-	-	-	-	172	172
Payments for capital assets	**122**	**20**	**-**	**142**	**47**	**95**	**33.1%**	**237**	**177**
Buildings and other fixed structures									
Machinery and equipment	122	20	-	142	47	95	33.1%	237	177
Payments for financial assets	**1**	**9**	**-**	**10**	**8**	**2**	**80.0%**	**3**	**3**
Total	7,424	933	-	8,357	7,561	796	90.5%	7,980	7,420

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

2.2 Human Settlements Policy Frameworks

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**30,706**	**(725)**	**-**	**29,981**	**27,719**	**2,262**	**92.5%**	**29,072**	**29,013**
Compensation of employees	23,378	(1,252)	-	22,126	19,927	2,199	90.1%	19,419	19,403
Goods and services	7,328	527	-	7,855	7,792	63	99.2%	9,653	9,610
Transfers and subsidies	**-**	**11**	**-**	**11**	**10**	**1**	**90.9%**	**-**	**-**
Households	-	11	-	11	10	1	90.9%	-	-
Payments for capital assets	**245**	**140**	**-**	**385**	**218**	**167**	**56.6%**	**263**	**164**
Buildings and other fixed structures									
Machinery and equipment	245	140	-	385	218	167	56.6%	263	164
Payments for financial assets	**-**	**2**	**-**	**2**	**2**	**-**	**100.0%**	**-**	**-**
Total	30,951	(572)	-	30,379	27,949	2,430	92.0%	29,335	29,177

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

2.3 Human Settlements Strategy and Planning

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**42,857**	**(401)**	**3,405**	**45,861**	**43,791**	**2,070**	**95.5%**	**37,381**	**36,801**
Compensation of employees	27,441	319	-	27,760	27,717	43	99.8%	25,529	25,496
Goods and services	15,416	(723)	3,405	18,098	16,071	2,027	88.8%	11,852	11,305
Transfers and subsidies	**6,211**	**-**	**808**	**7,019**	**7,018**	**1**	**100.0%**	**1,437**	**1,437**
Foreign governments and international organisations	1,211		713	1,924	1,923	1	99.9%	1,368	1,368
Public corporations and private enterprises	5,000	-	-	5,000	5,000	-	100.0%	-	-
Households	-	-	95	95	95	-	100.0%	69	69
Payments for capital assets	**619**	**40**	**-**	**659**	**281**	**378**	**42.6%**	**1,336**	**880**
Buildings and other fixed structures									
Machinery and equipment	619	40	-	659	281	378	42.6%	1,336	880
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24**	**23**
Total	**49,687**	**(361)**	**4,213**	**53,539**	**51,090**	**2,449**	**95.4%**	**40,178**	**39,141**

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

Programme 3: Human Settlements Delivery Support

	2016/17							2015/16	
	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 programe									
1. Management For Human Settlements Delivery Support	9,240	-	-	9,240	6,837	2,403	74.0%	8,623	7,533
2. Programme Management Unit	153,021	-	(1,313)	151,708	99,926	51,782	65.9%	103,771	70,587
3. Chief Of Operations	55,037	-	1,700	56,737	44,979	11,758	79.3%	54,296	42,676
Total for sub programmes	**217,298**	**-**	**387**	**217,685**	**151,742**	**65,943**	**69.7%**	**166,690**	**120,796**
Economic classification									
Current payments	**206,742**	**(1,812)**	**387**	**205,317**	**142,702**	**62,615**	**69.5%**	**155,147**	**111,806**
Compensation of employees	***81,259***	***-***	***-***	***81,259***	***59,933***	***21,326***	***73.8%***	***59,709***	***57,991***
Salaries and wages	73,738	(120)	-	73,618	53,705	19,913	73.0%	52,043	51,268
Social contributions	7,521	120	-	7,641	6,228	1,413	81.5%	7,666	6,723
Goods and services	***125,483***	***(1,821)***	***387***	***124,049***	***82,760***	***41,289***	***66.7%***	***95,438***	***53,815***
Administrative fees	60	-	-	60	17	43	28.3%	21	20
Advertising	61	58	-	119	119	-	100.0%	869	543
Minor assets	629	(320)	-	309	38	271	12.3%	514	192
Bursaries: Employees	-	18	-	18	16	2	88.9%	-	-
Catering: Departmental activities	507	(2)	-	505	340	165	67.3%	1,370	1,111
Communication	1,627	(124)	-	1,503	1,002	501	66.7%	1,928	1,156
Computer services	26,901	(1,962)	-	24,939	11,764	13,175	47.2%	88	39
Consultants: Business and advisory services	74,743	(471)	(2,485)	71,787	51,303	20,484	71.5%	51,157	24,143
Contractors	208	1,485	-	1,693	1,580	113	93.3%	62	5
Agency and support/outsourced services	250	360	-	610	602	8	98.7%	751	-
Entertainment	86	(19)	-	67	15	52	22.4%	42	14

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

Programme 3: Human Settlements Delivery Support

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services	-	2	-	2	-	2	-	-	-
Inventory: Materials and supplies	6	6	-	12	3	9	25.0%	19	2
Consumable supplies	176	(117)	-	59	33	26	55.9%	50	17
Consumable: Stationery, printing and office supplies	1,945	(517)	(62)	1,366	605	761	44.3%	1,066	269
Operating leases	293	(55)	(20)	218	-	218	-	133	-
Travel and subsistence	13,114	(114)	1,854	14,854	10,497	4,357	70.7%	15,288	11,987
Training and development	-	-	-	-	-		-	6,107	1
Operating payments	1,339	(262)	-	1,077	485	592	45.0%	1,689	635
Venues and facilities	3,538	213	1,100	4,851	4,341	510	89.5%	14,284	13,681
Interest and rent on land-	*-*	*9*	*-*	*9*	*9*	*-*	*100.0%*	*-*	*-*
Interest	-	9	-	9	9	-	100.0%	-	-
Transfers and subsidies	**9,355**	**175**	**-**	**9,530**	**8,195**	**1,335**	**86.0%**	**9,291**	**7,865**
Departmental agencies and accounts									
Higher education institutions	-	-	3,500	3,500	3,500	-	100.0%	-	-
Households	**9,355**	**175**	**(3,500)**	**6,030**	**4,695**	**1,335**	**77.9%**	**9,291**	**7,865**
Social benefits	-	183	-	183	108	75	59.0%	572	564
Other transfers to households	9,355	(8)	(3,500)	5,847	4,587	1,260	78.5%	8,719	7,301
Payments for capital assets	**1,201**	**1,576**	**-**	**2,777**	**790**	**1,987**	**28.4%**	**2,199**	**1,083**
Buildings and other fixed structures									
Machinery and equipment	*1,201*	*168*	*-*	*1,369*	*776*	*593*	*56.7%*	*2,199*	*1,083*
Other machinery and equipment	1,201	168	-	1,369	776	593	56.7%	2,199	1,083
Intangible assets	-	1,408	-	1,408	14	1,394	1.0%	-	-
Payments for financial assets	**-**	**61**	**-**	**61**	**55**	**6**	**90.2%**	**53**	**42**
Total	**217,298**	**-**	**387**	**217,685**	**151,742**	**65,943**	**69.7%**	**166,690**	**120,796**

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

3.1 Management for Human Settlements Delivery Support

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**9,078**	**(20)**	**-**	**9,058**	**6,702**	**2,356**	**74.0%**	**8,451**	**7,487**
Compensation of employees	6,058	-	-	6,058	5,574	484	92.0%	5,783	5,783
Goods and services	3,020	(29)	-	2,991	1,119	1,872	37.4%	2,668	1,704
Interest and rent on land	-	9	-	9	9	-	100.0%	-	-
Payments for capital assets	**162**	**20**	**-**	**182**	**135**	**47**	**74.2%**	**172**	**46**
Machinery and equipment	162	20	-	182	135	47	74.2%	172	46
Total	**9,240**	**-**	**-**	**9,240**	**6,837**	**2,403**	**74.0%**	**8,623**	**7,533**

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

3.2 Programme Management Unit

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**152,538**	**(1,708)**	**(1,313)**	**149,517**	**99,489**	**50,028**	**66.5%**	**103,189**	**70,386**
Compensation of employees	45,722	-	-	45,722	29,379	16,343	64.3%	27,906	27,116
Goods and services	106,816	(1,708)	(1,313)	103,795	70,110	33,685	67.5%	75,283	43,270
Interest and rent on land									
Transfers and subsidies	**-**	**110**	**-**	**110**	**96**	**14**	**87.3%**	**40**	**39**
Households		110	-	110	96	14	87.3%	40	39
Payments for capital assets	**483**	**1,548**	**-**	**2,031**	**296**	**1,735**	**14.6%**	**522**	**151**
Machinery and equipment	483	140	-	623	282	341	45.3%	522	151
Software and Other Intangible assets	-	1,408	-	1,408	14	1,394	1.0%	-	-
Payments for financial assets	**-**	**50**	**-**	**50**	**45**	**5**	**90.0%**	**20**	**11**
Total	**153,021**	**-**	**(1,313)**	**151,708**	**99,926**	**51,782**	**65.9%**	**103,771**	**70,587**

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

3.3 Chief of Operations

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**45,126**	**(84)**	**1,700**	**46,742**	**36,511**	**10,231**	**78,1%**	**43,507**	**33,933**
Compensation of employees	29,479	-	-	29,479	24,980	4,499	84.7%	26,020	25,092
Goods and services	15,647	(84)	1,700	17,263	11,531	5,732	66.8%	17,487	8,841
Transfers and subsidies	**9,355**	**65**	**-**	**9,420**	**8,099**	**1,321**	**86.0%**	**9,251**	**7,826**
Higher education institutions			3,500	3,500	3,500	-	100%		
Households	9,355	65	(3,500)	5,920	4,599	1,321	77.7%	9,251	7,826
Payments for capital assets	**556**	**8**	**-**	**564**	**359**	**205**	**63.7%**	**1,505**	**886**
Machinery and equipment	556	8	-	564	359	205	63.7%	1,505	886
Payments for financial assets	**-**	**11**	**-**	**11**	**10**	**1**	**90.9%**	**33**	**31**
Total	**55,037**	**-**	**1,700**	**56,737**	**44,979**	**11,758**	**79.3%**	**54,296**	**42,676**

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

Programme 4: Housing Development Finance

	2016/17							2015/16	
	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 programe									
1. Management For Housing Development Finance	3,741	(35)	-	3,706	2,137	1,569	57.7%	1,186	1,036
2. Chief Investment Officer	21,342	35	-	21,377	20,001	1,376	93.6%	20,234	19,974
3. Human Settlements Development Grant	18,283,991	-	-	18,283,991	18,283,991	-	100.0%	18,302,675	18,302,675
4. Contributions	782,395	-	-	782,395	782,395	-	100.0%	885,507	448,906
5. Urban Settlements Development Grant	10,839,468	-	-	10,839,468	10,839,468	-	100.0%	10,554,345	10,554,345
6. Municipal Human Settlements Capacity Grant	-	-	-	-	-	-	-	100,000	100,000
Total for sub programmes	**29,930,937**	**-**	**-**	**29,930,937**	**29,927,992**	**2,945**	**100.0%**	**29,863,947**	**29,426,936**
Economic classification									
Current payments	**24,841**	**(10)**	**-**	**24,831**	**22,049**	**2,782**	**88.8%**	**20,329**	**20,123**
Compensation of employees	***18,050***	***-***	***-***	***18,050***	***17,534***	***516***	***97.1%***	***15,629***	***15,590***
Salaries and wages	15,553	538	-	16,091	15,602	489	97.0%	13,800	13,767
Social contributions	2,497	(538)	-	1,959	1,932	27	98.6%	1,829	1,823
Goods and services	***6,791***	***(10)***	***-***	***6,781***	***4,515***	***2,266***	***66.6%***	***4,700***	***4,533***
Advertising	48	(48)	-	-	-	-	-	1	-
Minor assets	138	(10)	-	128	-	128	-	189	184
Catering: Departmental activities	241	(140)	-	101	12	89	11.9%	21	15
Communication	397	-	-	397	264	133	66.5%	233	214
Consultants: Business and advisory services	951	(950)	-	1	-	1	-	116	116
Contractors	-	6	-	6	4	2	66.7%	1	1
Agency and Support outsources services	-	-	-	-	-	-	-	1	-
Entertainment	50	-	-	50	4	46	8.0%	8	5
Inventory: Materials and supplies	2	-	-	2	-	2	-	5	1
Inventory: Other supplies	5	-	-	5	-	5	-	-	-

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

Programme 4: Housing Development Finance

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable supplies	39	-	-	39	1	38	2.6%	6	2
Consumable: Stationery, printing and office supplies	572	(303)	-	269	66	203	24.5%	274	255
Travel and subsistence	2,454	-	-	2,454	1,503	951	61.2%	1,694	1,616
Operating payments	1,635	1,435	-	3,070	2,618	452	85.3%	2,106	2,080
Venues and facilities	259	-	-	259	43	216	16.6%	45	44
Transfers and subsidies	**29,805,854**	**10**	**-**	**29,805,864**	**29,805,857**	**7**	**100.0%**	**29,681,547**	**29,244,937**
Provinces and municipalities	*29,123,459*	-	-	*29,123,459*	*29,123,459*	-	*100.0%*	*28,957,020*	*28,957,020*
Provinces	*18,283,991*	-	-	*18,283,991*	*18,283,991*	-	*100.0%*	*18,302,675*	*18,302,675*
Provincial Revenue Funds	18,283,991	-	-	18,283,991	18,283,991	-	100.0%	18,302,675	18,302,675
Municipalities	*10,839,468*	-	-	*10,839,468*	*10,839,468*	-	*100.0%*	*10,654,345*	*10,654,345*
Municipal bank accounts	10,839,468	-	-	10,839,468	10,839,468	-	100.0%	10,654,345	10,654,345
Departmental agencies and accounts	**682,395**	**-**	**-**	**682,395**	**682,395**	**-**	**100.0%**	**724,507**	**287,906**
Departmental agencies	682,395			682,395	682,395	-	100.0%	724,507	287,906
Households	-	*10*	-	*10*	*3*	*7*	*30.0%*	*20*	*11*
Social benefits	-	7	-	7	-	7	-	20	11
Other transfers to households	-	3	-	3	3	-	-	-	-
Payments for capital assets	**242**	**-**	**-**	**242**	**86**	**156**	**35.5%**	**1,071**	**876**
Machinery and equipment	*242*	-	-	*242*	*86*	*156*	*35.5%*	*1,071*	*876*
Other machinery and equipment	242	-	-	242	86	156	35.5%	1,071	876
Payments for financial assets	**100,000**	**-**	**-**	**100,000**	**100,000**	**-**	**100.0%**	**161,000**	**161,000**
Total	**29,930,937**	**-**	**-**	**29,930,937**	**29,927,992**	**2,945**	**100.0%**	**29,863,947**	**29,426,936**

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

4.1 Management for Housing Development Finance

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**3,655**	**(35)**	**-**	**3,620**	**2,104**	**1,516**	**58.1%**	**963**	**829**
Compensation of employees	2,106	(35)	-	1,981	1,470	511	74.2%	259	238
Goods and services	1,639	-	-	1,639	634	1,005	38.7%	704	591
Payments for capital assets	**86**	**-**	**-**	**86**	**33**	**53**	**38.4%**	**223**	**207**
Machinery and equipment	86	-	-	86	33	53	38.4%	223	207
Total	**3,741**	**(35)**	**-**	**3,706**	**2,137**	**1,569**	**57.7%**	**1,186**	**1,036**

4.2 Chief Investment Officer

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**21,186**	**25**	**-**	**21,211**	**19,945**	**1,266**	**94.0%**	**19,366**	**19,294**
Compensation of employees	16,034	35	-	16,069	16,064	5	100.0%	15,370	15,352
Goods and services	5,152	(10)	-	5,142	3,881	1,261	75.5%	3,996	3,942
Transfers and subsidies	**-**	**10**	**-**	**10**	**3**	**7**	**30.0%**	**20**	**11**
Households	-	10	-	10	3	7	30.0%	20	11
Payments for capital assets	**156**	**-**	**-**	**156**	**53**	**103**	**34.0%**	**848**	**669**
Machinery and equipment	156	-	-	156	53	103	34.0%	848	669
Total	**21,342**	**35**	**-**	**21,377**	**20,001**	**1,376**	**93.6%**	**20,234**	**19,974**

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

4.3 Human Settlements Development Grant

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Transfers and subsidies	18,283,991	-	-	18,283,991	18,283,991	-	100.0%	18,302,675	18,302,675
Provinces and municipalities	18,283,991	-	-	18,283,991	18,283,991	-	100.0%	18,302,675	18,302,675
Total	18,283,991	-	-	18,283,991	18,283,991	-	100.0%	18,302,675	18,302,675

4.4 Contributions

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Transfers and subsidies	682,395	-	-	682,395	682,395	-	100.0%	724,507	287,906
Departmental agencies and accounts	682,395	-	-	682,395	682,395	-	100.0%	724,507	287,906
Payments for financial assets	100,000	-	-	100,000	100,000	-	100.0%	161,000	161,000
Total	782,395	-	-	782,395	782,395	-	100.0%	885,507	448,906

APPROPRIATION STATEMENT *for the year ended 31 March 2017*

4.5 Urban Settlements Development Grant

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Transfers and subsidies	10,839,468	-	-	10,839,468	10,839,468	-	100.0%	10,554,345	10,554,345
Provinces and municipalities	10,839,468	-	-	10,839,468	10,839,468	-	100.0%	10,554,345	10,554,345
Total	10,839,468	-	-	10,839,468	10,839,468	-	100.0%	10,554,345	10,554,345

4.6 Municipal Human Settlements Capacity Grant

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Transfers and subsidies	-	-	-	-	-	-	-	100,000	100,000
Provinces and municipalities	-	-	-	-	-	-	-	100,000	100,000
Payments for financial assets									
Total	-	-	-	-	-	-	-	100,000	100,000

NOTES TO THE APPROPRIATION STATEMENT *for the year ended 31 March 2017*

1. **Details of transfers and subsidies as per Appropriation Act (after Virement):**
   Details 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. **Details of specifically and exclusively appropriated amounts voted (after Virement**
   Details of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. **Details on payments for financial assets**
   Details of these transactions can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

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

4.1 Per programme Administration	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as % of final appropriation R'000
Current payments	431,770	414,030	17,740	4%
Transfers and subsidies	1,568	1,521	47	3%
Expenditure for capital assets	21,963	5,189	16,774	76%
Financial assets	158	157	1	1%

The under-spending of R16.7 million on Expenditure for Capital Assets is attributed to a payment of R13.4 million due to SITA for the services rendered and relating to network equipment and which was rejected on the Safetyweb system due to banking details not being verified on Safetyweb. Another contributing factor relates to the non-filling of vacancies which resulted in less equipment being procured than what was anticipated and the utilisation of equipment for a longer period than was anticipated.

Human Settlements Policy, Strategy And Planning	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as % of final appropriation R'000
Current payments	84,047	79,016	5,031	6%
Transfers and subsidies	7,030	7,028	2	0%
Expenditure for capital assets	1,186	546	640	54%
Financial assets	12	10	2	17%

The under-spending of R640 000 on Expenditure for Capital Assets can be attributed to the non-filling of positions which resulted in less equipment being bought than was anticipated and the utilisation of equipment for a longer period than was anticipated.

Human Settlements Delivery Support	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as % of final appropriation R'000
Current payments	205,317	142,702	62,615	30%
Transfers and subsidies	9,530	8,195	1,335	14%
Expenditure for capital assets	2,777	790	1,987	72%
Financial assets	61	55	6	10%

The under-spending on current expenditure was due to under-spending on the compensation of employees. This can be attributed to the delays and non-filling of vacant positions due to management of funding shortages over the MTEF and uncertainty over it, which consequently limited the number of positions that could be filled. Another contributing factor is the R8.1 million unspent on National Upgrading Support Programme due to delays by municipalities in signing contracts

NOTES TO THE APPROPRIATION STATEMENT *for the year ended 31 March 2017*

and approving the work on time. These contracts were delayed due to slow responses from municipalities in approving work. This can be attributed to the pre- and post-Local Authority election situation in August 2016 which impacted on the availability of Ward Councillors and Municipal Officials to assist in the local municipal support of the completion of the field work associated with the household count, socio-economic survey and the required participatory planning process within the informal settlements. The Housing Subsidy System underspent by R13.2 million due to SITA not having provided the required services as per the service level agreement.

The under-spending of R1.3 million on Transfer and Subsidies is attributed to the scholarship programme which underspent due to delays by universities in registering students due to the Fees Must Fall campaigns. The under-spending of R1.9 million on Expenditure for Capital Assets is attributed to the non-filling of positions which resulted in less equipment being procured than what was anticipated and the utilisation of equipment for a longer period than was anticipated.

Human Settlements Policy, Strategy And Planning	Final Appropriation	Actual Expenditure	Variance	Variance as % of final appropriation
	R'000	R'000	R'000	R'000
Current payments	24,831	22,049	2,782	11%
Transfers and subsidies	29,805,864	29,805,857	7	0%
Expenditure for capital assets	242	86	156	64%
Financial assets	100,000	100,000	-	0%

The under-spending on current expenditure was due to under-spending on the compensation of employees which is also linked to the delays and non-filling of vacant positions due to management of funding shortages over the MTEF and uncertainty over it, which consequently limited the number of positions that could be filled. Another contributing factor is under-spending on Goods and Services due to a reduction in travel due to the closure of Parliament for the Local Authority elections, as well as a delay in the paying of the board members for the Office of Disclosure. The under-spending of R156 000 on Expenditure for Capital Assets is attributed to the non-filling of positions which resulted in less equipment being bought than was anticipated.

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as % of final appropriation
	R'000	R'000	R'000	R'000
Current payments	**745,965**	**657,797**	**88,165**	**12%**
Compensation of employees	371,492	325,288	46,204	12%
Goods and services	374,461	332,497	41,964	11%
Interest and rent on land	12	12	-	0%
Transfers and subsidies	**29 823 992**	**29 822 601**	**1 391**	**0%**
Provinces and municipalities	29,123,459	29,123,459	-	0%
Departmental agencies and accounts	682,395	682,395	-	0%
Higher education institutions	3,500	3,500	-	0%
Public corporations and private enterprises	5,000	5,000	-	0%
Foreign governments and international organisations	1,924	1,923	1	0%
Households	7,714	6,324	1,390	18%
Payments for capital assets	**26 168**	**6 611**	**19 557**	**73%**
Machinery and equipment	24,433	6,540	17,893	73%
Intangible assets	1,735	71	1,664	96%
Payments for financial assets	**100,231**	**100,222**	**9**	**0%**

The under-spending of R46.2 million on compensation of employees is linked to the delays and non-filling of vacant positions due to management of funding shortages over the MTEF and uncertainty over it, which consequently limited the number of positions that could be filled.

NOTES TO THE APPROPRIATION STATEMENT *for the year ended 31 March 2017*

The under-spending of R42 million on Goods and Services is attributed to the following:

- Delays in finalising the review and rewrite of the Govan Mbeki Awards framework and implementation plan.
- R8.1 million unspent on National Upgrading Support Programme due to contracts which were delayed due to slow responses from municipalities in approving work. This can be attributed to the pre- and post-Local Authority election situation in August 2016 which impacted on the availability of Ward Councillors and Municipal Officials to assist in the local municipal support of the completion of the field work associated with the household count, socio-economic survey and the required participatory planning process within the informal settlements.
- The Housing Subsidy System underspent by R13.2 million due to SITA not providing the required services as per the service level agreement.
- Another contributing factor is a reduction in travel costs due to the recess of Parliament for the Local Authority elections as well as delays in the paying of the board members for the Office of Disclosure.

The under-spending of R1.3 million on Transfer and Subsidies is attributed to the scholarship programme which underspent due to delays by universities in registering students due to the Fees Must Fall campaigns. The under-spending of R19.5 million on Expenditure for Capital Assets is due to a payment of R13.4 million due to SITA for services rendered in relation to the network equipment which was rejected on the Safetyweb system due to bank details that were non-verified on Safetyweb. Another contributing factor is the non-filling of positions which resulted in less equipment being procured than what was anticipated and the utilisation of equipment for a longer period than was anticipated.

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as % of final appropriation
	R'000	R'000	R'000	R'000
Human Settlements Development Grant	18,283,991	18,283,991	-	0%
Urban Settlements Development Grant	10,839,468	10,839,468	-	0%

STATEMENT OF FINANCIAL PERFORMANCE *for the year ended 31 March 2017*

	Note	2016/17 R'000	2015/16 R'000
REVENUE			
Annual appropriation	1	30,696,356	30,543,381
Departmental revenue	2	539	1,237
Aid assistance	3	693	640
TOTAL REVENUE		30,697,588	30,545,258
EXPENDITURE			
Current expenditure			
Compensation of employees	4	325,288	310,151
Goods and services	5	332,497	293,514
Interest and rent on land	6	12	4
Aid assistance	3	66	483
Total current expenditure		657,863	604,152
Transfers and subsidies			
Transfers and subsidies	8	29,822,601	29,255,449
Total transfers and subsidies		29,822,601	29,255,449
Expenditure for capital assets			
Tangible assets	9	6,540	14,046
Intangible assets	9	71	62
Total expenditure for capital assets		6,611	14,108
Payments for financial assets	7	100,222	161,318
TOTAL EXPENDITURE		30,587,297	30,035,027
SURPLUS/(DEFICIT) FOR THE YEAR		110,291	510,231

	Note	2016/17 R'000	2015/16 R'000
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		109,125	508,837
Annual appropriation		109,125	508,837
Departmental revenue and NRF Receipts	15	539	1,237
Aid assistance	3	627	157
SURPLUS/(DEFICIT) FOR THE YEAR		110,291	510,231

STATEMENT OF FINANCIAL POSITION *as at 31 March 2017*

	Note	2016/17 R'000	2015/16 R'000
ASSETS			
Current assets		112,408	507,360
Cash and cash equivalents	10	107,775	494,116
Prepayments and advances	11	4,087	11,436
Receivables	12	546	1,808
Non-current assets		1,374,234	1,273,775
Investments	13	1,371,604	1,271,604
Receivables	12	2,630	2,171
TOTAL ASSETS		1,486,642	1,781,135
LIABILITIES			
Current liabilities		114,852	509,357
Voted funds to be surrendered to the Revenue Fund	14	109,125	508,837
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	33	18
Payables	16	5,067	238
Aid assistance repayable	3	-	157
Aid assistance unutilised	3	627	107
TOTAL LIABILITIES		114,852	509,357
NET ASSETS		1,371,790	1,271,778

	Note	2016/17 R'000	2015/16 R'000
Represented by:			
Capitalisation reserve		1,371,604	1,271,604
Recoverable revenue		186	174
TOTAL		1,371,790	1,271,778

STATEMENT OF CHANGES IN NET ASSETS *for the year ended 31 March 2017*

	Note	2016/17	2015/16
		R'000	R'000
Capitalisation Reserves			
Opening balance		1,271,604	1,110,604
Transfers:			
Movement in Equity		100,000	161,000
Closing balance		1,371,604	1,271,604
Recoverable revenue			
Opening balance		174	266
Transfers:		12	(92)
Debts recovered (included in departmental receipts)		12	(92)
Closing balance		186	174
TOTAL		1,371,790	1,271,778

CASH FLOW STATEMENT *for the year ended 31 March 2017*

	Note	2016/17	2015/16
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**30,697,588**	**30,545,258**
Annual appropriated funds received	1.1	30,696,356	30,543,381
Departmental revenue received	2	519	1,071
Interest received	2.3	20	166
Aid assistance received	4	693	640
Net (increase)/decrease in working capital		12,981	96,757
Surrendered to Revenue Fund		(509,361)	(60,621)
Surrendered to RDP Fund/Donor		(264)	-
Current payments		(657,851)	(604,148)
Interest paid	6	(12)	(4)
Payments for financial assets		(100,222)	(161,318)
Transfers and subsidies paid		(29,822,601)	(29,255,449)
Net cash flow available from operating activities	**17**	**(379,742)**	**560,475**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(6,611)	(14,108)
(Increase)/decrease in investments		(100,000)	(161,000)
Net cash flows from investing activities		**(106,611)**	**(175,108)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		100,012	160,908
Net cash flows from financing activities		**100,012**	**160,908**
Net increase/(decrease) in cash and cash equivalents		(386,341)	546,275
Cash and cash equivalents at beginning of period		494,116	(52,159)
Cash and cash equivalents at end of period	18	**107,775**	**494,116**

ACCOUNTING POLICIES *for the year ended 31 March 2017*

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The financial statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. Rounding

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

5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment/receipt.

6. Comparative information

6.1 Prior period comparative information

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

6.2 Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. Revenue

7.1 Appropriated funds

Appropriated funds comprise 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.

ACCOUNTING POLICIES *for the year ended 31 March 2017*

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 when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.

Accruals and payables not recognised are measured at cost.

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.

ACCOUNTING POLICIES *for the year ended 31 March 2017*

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. 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

Loans and payables are recognised in the statement of financial position at cost.

16. Capital Assets

16.1 Immovable capital assets

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department, in which case the completed project costs are transferred to that department.

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.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

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 that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

17. Provisions and Contingents

17.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

17.4 Commitments

Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18. Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

20. Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

21. Changes in accounting policies, accounting estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

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

ACCOUNTING POLICIES *for the year ended 31 March 2017*

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 transaction

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

28. Inventories (Effective from date determined in a Treasury Instruction)

At the date of acquisition, inventories are recorded at cost price in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.

Subsequent measurement of the cost of inventory is determined on the weighted average basis.

29. Public-Private Partnerships

Public-Private Partnerships 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, rights and obligations of the department are recorded in the notes to the financial statements.

30. Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

1. Annual Appropriation

1.1 Annual Appropriation

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

	2016/17			2015/16	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	460,058	460,058	-	435,116	435,116
Human Settlements Policy, Strategy and Planning	88,063	88,063	-	74,338	74,338
Human Settlements Delivery Support	217,298	217,298	-	169,800	169,800
Housing Development Finance	29,930,937	29,930,937	-	29,864,127	29,864,127
Total	**30,696,356**	**30,696,356**	**-**	**30,543,381**	**30,543,381**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

2. Departmental revenue

	Note	2016/17	2015/16
		R'000	R'000
Sales of goods and services other than capital assets	2.1	204	202
Interest, dividends and rent on land	2.2	20	166
Transactions in financial assets and liabilities	2.3	315	869
Total revenue collected		539	1,237
Departmental revenue collected		**539**	**1,237**

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	**2**	**201**	**199**
Sales by market establishment		66	66
Other sales		135	133
Sales of scrap, waste and other used current goods		3	3
Total		**204**	**202**

2.2 Interest, dividends and rent on land

Interest	2	20	166
Total		**20**	**166**

2.3 Transactions in financial assets and liabilities

Other Receipts including Recoverable Revenue	2	315	869
Total		**315**	**869**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

3. Aid assistance

	Note	2016/17	2015/16
		R'000	R'000
Opening Balance	2	264	107
As restated		264	107
Transferred from statement of financial performance		627	157
Paid during the year		(264)	-
Closing Balance		**627**	**264**

3.1 Analysis of balance by source

Aid assistance from other sources	2	627	264
Closing balance		**627**	**264**

3.2 Analysis of balance

Aid assistance unutilised	3	627	107
Aid assistance repayable	3	-	157
Closing balance		**627**	**264**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

4. Compensation of employees

	Note	2016/17	2015/16
		R'000	R'000
4. 1 Salaries and Wages			
Basic salary		217,574	209,767
Performance award		6,895	6,012
Service Based		16,403	15,677
Compensative/circumstantial			
Periodic payments		-	-
Other non-pensionable allowances		32,280	30,089
Total		**290,434**	**275,281**
4. 2 Social contributions			
Employer contributions			
Pension		**25,512**	**25,467**
Medical		9,298	9,360
Bargaining council			
Total		**34,854**	**34,870**
Total compensation of employees		**325,288**	**310,151**
Average number of employees		616	649

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

5. Goods and services

	Note	2016/17	2015/16
		R'000	R'000
Administrative fees		244	324
Advertising		13,500	20,019
Minor assets	5.1	618	1,664
Bursaries (employees)		834	974
Catering		2,177	4,568
Communication		9,658	9,798
Computer services	**5.2**	53,259	43,873
Consultants: Business and advisory services		70,670	34,483
Legal services		1,350	2,994
Contractors		7,604	749
Agency and support/outsourced services		3,034	2,207
Entertainment		189	200
Audit cost – external	**5.3**	7,481	7,169
Fleet services		1,284	1,777
Inventory	5.4	239	294
Consumables	**5.5**	4,559	5,000
Operating leases		38,228	34,216
Property payments	**5.6**	9,130	8,901
Travel and subsistence	**5.7**	69,869	72,211
Venues and facilities		29,025	32,934
Training and development		2,752	2,291
Other operating expenditure	**5.8**	6,793	6,868
Total		**332,497**	**293,514**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

	Note	2016/17	2015/16
		R'000	R'000
5. 1 Minor assets		244	324
Tangible assets	5	**618**	**1,639**
Machinery and equipment		618	1,639
Intangible assets		**-**	**25**
Software		-	25
Total		**618**	**1,664**
5. 2 Computer services			
SITA computer services	5	45,077	34,763
External computer service providers		8,182	9,110
Total		**53,259**	**43,873**
5. 3 Audit cost – External			
Regularity audits	5	7,481	7,169
Total		**7, 481**	**7,169**
5. 4 Inventory			
Clothing material and accessories	5	197	268
Materials and supplies		41	26
Medical supplies		1	-
Total		**239**	**294**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

	Note	2016/17	2015/16
		R'000	R'000
5.5 Consumables			
Consumable supplies	5	1,332	922
Household supplies		368	356
Communication accessories		102	8
IT consumables		155	33
Other consumables		707	525
Stationery, printing and office supplies		3,227	4,078
Total		4,559	5,000
5.6 Property payments			
Municipal services	5	6,289	6,337
Property maintenance and repairs		992	751
Other		1,849	1,813
Total		9,130	8,901
5.7 Travel and subsistence			
Local	5	59,151	67,606
Foreign		10,718	4,605
Total		69,869	72,211
5.8 Other operating expenditure			
Professional bodies, membership and subscription fees	5	6	4
Resettlement costs		23	387
Other		6,764	6,477
Total		6,793	6,868

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

	Note	2016/17	2015/16
		R'000	R'000
6. Interest and rent on land			
Interest paid	5	12	4
Total		12	4
7. Payments for financial assets			
Purchase of equity		100,000	161,000
Other material losses written off	7.1	157	292
Debts written off	7.2	65	26
Total		100,222	161,318
7.1 Other material losses written off			
Nature of losses	7		
Damages		147	261
No shows		3	31
Admin fees: Traffic fines		7	-
Total		157	292
7.2 Debts written off			
Bad debts	5		
Total debt written off		65	26
Total		65	26

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

	Note	2016/17	2015/16
		R'000	R'000
8. Transfers and subsidies			
Provinces and municipalities	32, 33	29,123,459	28,957,020
Departmental agencies and accounts	Annex 1B	682,395	287,906
Higher education institutions	Annex 1C	3,500	-
Foreign governments and international organisations	Annex 1E	1,923	1,368
Public corporations and private enterprises	Annex 1D	5,000	-
Households	Annex 1G	6,324	9,155
Total		**29,822,601**	**29,255,449**
9. Expenditure for capital assets			
Tangible assets		**6,540**	**14,046**
Buildings and other fixed structures	30	-	236
Machinery and equipment	28	6,540	13,810
Intangible assets		**71**	**62**
Software	29	71	62
Total		**6,611**	**14,108**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
9.1 Analysis of funds utilised to acquire capital assets – 2016/17			
Tangible assets	6,540	-	6,540
Machinery and equipment	6,540	-	6,540
Intangible assets	71	-	71
Software	71	-	71
Total	6,611	-	6,611
9.2 Analysis of funds utilised to acquire capital assets – 2015/16			
Tangible assets	14,046	-	14,046
Buildings and other fixed structures	236	-	236
Machinery and equipment	13,810	-	13,810
Intangible assets	62	-	62
Software	62		62
Total	14,108	-	14,108

	Note	2016/17	2015/16
		R'000	R'000
9.3 Finance lease expenditure included in Expenditure for capital assets			
Tangible assets			
Machinery and equipment		2,061	1,865
Total		2,061	1,865

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

	Note	2016/17	2015/16
		R'000	R'000
10. Cash and cash equivalents			
Consolidated Paymaster General Account		107,680	494,021
Cash on hand		95	95
Total		**107,775**	**494,116**
11. Prepayments and advances			
Travel and subsistence		52	187
Prepayments (Not expensed)	11.2	2,789	-
Advances paid (Not expensed)	11.1	1,246	11,249
Total		**4,087**	**11,436**
11.1 Advances paid (Not expensed)			
National departments	Annex 8A	1,246	11,249
Total		**1,246**	**11,249**
11.1.1 Prepayments (Not expensed)			
Goods and services	14	2,789	-
Total		**2,789**	**-**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

12. Receivables

	Notes	2016/17			2015/16		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	12.1	153	255	408	706	10	716
Recoverable expenditure	12.2	324	1,093	1,417	1,023	864	1,887
Staff debt	12.3	69	191	260	66	200	266
Other debtors	12.4	-	1,091	1,091	13	1,097	1,110
Total		**546**	**2,630**	**3,176**	**1,808**	**2,171**	**3,979**

	Notes	2016/17	2015/16
		R'000	R'000
12.1 Claims recoverable			
National departments	12 and Annex 4	408	716
Total		**408**	**716**
12.2 Recoverable expenditure (disallowance accounts)			
Disallowance miscellaneous	12	187	832
Damage vehicles		1,230	1,055
Total		**1,417**	**1,887**
12.3 Staff debt			
Study	12	76	61
Vehicle		7	30
No show		2	3
Salaries		169	172
Petty cash		6	-
Total		**260**	**266**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

	Note	2016/17	2015/16
		R'000	R'000
12.4 Other debtors		1,091	1,091
Suppliers	12	-	19
Vat Vendors		1,091	1,110
Total			
12.5 Impairment of receivables			
Estimate of impairment of receivables		2,577	1,653
Total		2,577	1,653

13. Investments

Non-Current		
Shares and other equity		
National Housing Finance Corporation	1,310,000	1.210,000
SERVCON	604	604
National Urban Reconstruction and Housing Agency	61,000	61,000
Total non-current	1,371,604	1,271,604
Analysis of non-current investments		
Opening balance	1,271,604	1,110,604
Additions in cash	100,000	161,000
Closing balance	1,371,604	1,271,604

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

A prior period error relating to 2015/16 affecting the opening balance to the value of R230 million was made due to reclassification of funding provided for the capitalisation of NHFC.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

14. Voted funds to be surrendered to the Revenue Fund

	Notes	2016/17	2015/16
		R'000	R'000
Opening balance		508,837	59,373
As restated		508,837	59,373
Transfer from statement of financial performance (as restated)		109,125	508,837
Paid during the year		(508,837)	(59,373)
Closing balance		**109,125**	**508,837**

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

Opening balance		18	29
As restated		18	29
Transfer from Statement of Financial Performance (as restated)		539	1,237
Paid during the year		(524)	(1,248)
Closing balance		**33**	**18**

16. Payables – current

Clearing accounts	16.1	113	238
Other payables		4,954	-
Total		**5,067**	**238**

16.1 Clearing accounts

Salary income tax: CL	16	112	236
Pension fund		1	2
Total		**113**	**238**

16.2 Other payables

Special Investigation Unit Provincial transfers	22	4,954	-
Total		**4,954**	**-**

17. Net cash flow available from operating activities

	Notes	2016/17	2015/16
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		110,291	510,231
Add back non cash/cash movements not deemed operating activities		(490,033)	50,244
(Increase)/decrease in receivables – current		803	106,235
(Increase)/decrease in prepayments and advances		7,349	(7,364)
Increase/(decrease) in payables – current		4,829	(2,114)
Expenditure on capital assets		6,611	14,108
Surrenders to Revenue Fund		(509,361)	(60,621)
Surrenders to RDP Fund/Donor		(264)	-
Net cash flow generated by operating activities		**(379,742)**	**560,475**

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

Consolidated Paymaster General account	107,680	494,021
Cash on hand	95	95
Total	**107,775**	**494,116**

19. Contingent liabilities and contingent assets

19.1 Contingent liabilities

Liable to	Nature	Notes	2016/17	2015/16
			R'000	R'000
Housing loan guarantees	Employees	Annex 3A	41	21
Claims against the department	Employees	Annex 3B	328,552	329,566
Total			**328,593**	**329,587**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

It is premature for the Department to say whether the cases against the Department can or cannot be won. As these cases are before the Courts and it is for the Courts to decide. The Department is defending these cases and will continue to defend as such until finality.

There is no reimbursement expected by the Department.

20. Commitments

	Notes	2016/17	2015/16
		R'000	R'000
Current expenditure			
Approved and contracted		29,371	42,186
Approved but not yet contracted		8,819	8,461
Sub Total		**38,190**	**50,647**
Capital expenditure			
Approved and contracted		430	835
Sub Total		430	835
Total Commitments		**38,620**	**51,482**

Programme 1: R16.142 million Longer than two years less than five years R3.992 million, Programme 2: R179 thousand Longer than a year, Programme 3: R14.557 million Longer than two years less than five years R 3.749 million.

21. Accruals and payables not recognised

21.1 Accruals

	30 Days	30+ Days	Total	Total
Listed by economic classification				
Goods and services	10,869	4,670	15,539	12,235
Capital assets	-	-	-	18
Total	**10,869**	**4,670**	**15,539**	**12,253**

	Notes	2016/17	2015/16
		R'000	R'000
Listed by programme level			
Administration		10,058	10,711
Human Settlements Policy, Strategy and Planning		456	44
Programme Deliver Support		4,414	1,484
Housing Development Finance		611	14
Total		**15,539**	**12,253**

	30 Days	30+ Days	Total	Total
21.2 Payables not recognised				
Listed by economic classification				
Goods and services	14,655	1,158	15,813	-
Interest and rent on land			-	-
Total	**14,655**	**1,158**	**15,813**	**-**

	Notes	2016/17	2015/16
		R'000	R'000
Listed by programme level			
Administration		13,696	-
Human Settlements Policy, Strategy and Planning		10	-
Programme Deliver Support		2,098	-
Housing Development Finance		9	-
Total		**15,813**	**-**

22. Employee benefits

	Notes	2016/17	2015/16
		R'000	R'000
Leave entitlement		12,994	13,311
Service bonus (Thirteenth cheque)		7,298	7,361
Performance awards		5,753	4,833
Capped leave commitments		5,688	5,856
Total		**31,733**	**31,361**

Included under leave entitlement is an amount of R 232,000 that employees owe the department for leave days.

23. Lease commitments

23.1 Operating leases expenditure

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	38,348	-	38,348
Later than 1 year and not later than 5 years	-	-	34,093	-	34,093
Total lease commitments	**-**	**-**	**72,441**	**-**	**72,441**

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	39,191	-	39,191
Later than 1 year and not later than 5 years	-	-	73,305	-	73,305
Total lease commitments	**-**	**-**	**112,496**	**-**	**112,496**

23.2 Finance leases expenditure**

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	930	930
Later than 1 year and not later than 5 years	-	-	-	123	123
Total lease commitments	**-**	**-**	**-**	**1,053**	**1,053**

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	1,453	1,453
Later than 1 year and not later than 5 years	-	-	-	1,011	1,011
Total lease commitments	**-**	**-**	**-**	**2,464**	**2,464**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

24. Irregular expenditure

	Notes	2016/17	2015/16
24.1 Reconciliation of irregular expenditure		R'000	R'000
Opening balance		6,735	7,769
Add: Irregular expenditure – relating to current year		5,565	-
Less: Prior year amounts condoned		-	(840)
Less: Amounts not condoned and not recoverable		-	(194)
Closing balance		**12,300**	**6,735**
Analysis of awaiting condonation per age classification			
Current year		5,565	-
Prior years		6,735	6,735
Total		**12,300**	**6,735**

24.2 Details of irregular expenditure - added current year (relating to current and prior years)

Incident	Disciplinary steps taken/ criminal proceedings	2016/17 R'000
Caps, t-shirts and other promotional items	Under investigation	1,031
Program director – International Women's day event	Under investigation	78
Radio and other media related services	Under investigation	2,538
Project management course for 6 people	Under investigation	47
Workshop facilitators	Under investigation	400
Motivational speaker	Under investigation	70
Renting of exhibition equipment for Budget Vote speech 2016	Under investigation	19
150 big mugs & wrapping	Under investigation	10
Leased accommodation for the DG	Under investigation	118
Presenter and facilitator	Under investigation	110
Renting of exhibition stand in Ecuador	Under investigation	387
Trophy awards for Govan Mbeki Awards 2016	Under investigation	204
Research, writing and presentation of a paper	Under investigation	70
Recording and photography services in Ecuador	Under investigation	45
Entertainment at different functions	Under investigation	36
Medical services at events	Under investigation	28
Gift sets	Under investigation	100
Catering services	Under investigation	274
Total		5,565

25. Fruitless and wasteful expenditure

	Notes	2016/17	2015/16
25.1 Reconciliation of fruitless and wasteful expenditure		R'000	R'000
Opening balance		213	38
Fruitless and wasteful expenditure – relating to prior year		960	5
Fruitless and wasteful expenditure – relating to current year		1,627	175
Less: Amounts resolved		-	(5)
Closing balance		**2,800**	**213**

25.2 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/ criminal proceedings	Notes	2016/17	2015/16
Late payment of employee and employer pension fund contribution	Still under investigation			13
Interest paid on arbitration award	Still under investigation			3
Vehicles rented by the Department	Still under investigation			1,611
Total				**1,627**

26. Related party transactions

	Notes	2016/17	2015/16
Payments made		R'000	R'000
Payments for financial assets		100,000	161,000
Transfers		682,395	287,906
Total		**782,395**	**448,906**

The following Public Entities report to the Minister:

Community Scheme Ombuds Service, Estate Agency Affairs Board, Housing Development Agency, National Home Builders Registration Council, National Housing Finance Corporation, National Urban Reconstruction and Housing Agency, Servcon, Social Housing Regulatory Authority, South African Housing Fund, Thubelisha Housing and Rural Housing Loan Fund.

The following transfers were made to entities:

Housing Development Agency R 157,512 million (2016: R 104,615 million).
Social Housing Regulatory Authority R 494,863 million (2016: R 143,770 million).
Community Schemes Ombuds Service R 30,020 million (2016: R 39, 521 million).

27. Key management personnel

	Notes	2016/17	2015/16
		R'000	R'000
Political office bearers (provide detail below)	2	4,211	4,207
Officials:			
Level 15 to 16	11	16,068	17,402
Level 14	33	36,264	30,913
Family members of key management personnel	1	468	-
Total		**57,011**	**52,522**

An amount of R33 thousand paid to Chief Director Corporate Services for outstanding performance awards is included although the Chief Director was no longer employed by the Department.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

28. Provisions

	Notes	2016/17	2015/16
		R'000	R'000
Special Investigation Unit		5,322	-
Total		**5,322**	**-**

Invoices received from SIU under dispute due to lack of supporting documentation

28.1 Reconciliation of movement in provisions – 2016/17

	Provision 1	Provision 2	Provision 3	Total Provision
	R'000	R'000	R'000	R'000
Increase in provision	5,322	-	-	5,322
Closing balance	**5,322**	**-**	**-**	**5,322**

29. Movable Tangible Capital Assets

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Machinery and Equipment	**87,409**	**(7,290)**	**20,275**	**(594)**	**99,800**
Transport assets	4,644	-	-	-	4,644
Computer equipment	45,021	(7,315)	15,929	(437)	53,198
Furniture and office equipment	22,970	(160)	446	(142)	23,114
Other machinery and equipment	14,774	185	3,900	(15)	18,844
Total Movable Tangible Capital Assets	**87,409**	**(7,290)**	**20,275**	**(594)**	**99,800**

The differences between additions of R20.2 million and expenditure of R6.5 million on machinery and equipment was mainly due to the rejection of a payment of R13.4 million for network equipment.

Movable Tangible Capital Assets under investigation	Number	Value
	R'000	R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	239	4,593

The assets under investigation are assets that could not be located during asset verification. The Department is currently busy with investigation.

29.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Machinery and Equipment	**17,803**	**411**	**2,061**	**-**	**20,275**
Transport assets					
Computer equipment	15,543	386	-	-	15,929
Furniture and office equipment	427	19	-	-	446
Other machinery and equipment	1,833	6	2,061	-	3,900
Total Additions to Movable Tangible Capital Assets	**17,803**	**411**	**2,061**	**-**	**20,275**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

29.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash	Non-cash disposal	Total disposals	Cash Received
	R'000	R'000	R'000	R'000
Machinery and Equipment	**-**	**(594)**	**(594)**	**-**
Transport assets				
Computer equipment	-	(437)	(437)	-
Furniture and office equipment	-	(142)	(142)	-
Other machinery and equipment	-	(15)	(15)	-
Total Disposal of Movable Tangible Capital Assets		**594**	**594**	

Included in the total amount for disposal is R5 thousand for write-offs.

29.3 Movement for 2015/16

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Machinery and Equipment	**69,870**	**1,682**	**19,923**	**(4,066)**	**87,409**
Transport assets	3,426	-	2,885	(1,667)	4,644
Computer equipment	38,907	1,682	6,033	(1,601)	45,021
Furniture and office equipment	15,359	-	8,247	(636)	22,970
Other machinery and equipment	12,178	-	2,758	(162)	14,774
Total Movable Tangible Capital Assets	**69,870**	**1,682**	**19,923**	**(4,066)**	**87,409**

29.3.1 Prior period error	Notes	2015/16
		R'000
Nature of prior period error		
Relating to 2014/15 [affecting the opening balance]		1,682
Reclassification of software which was capitalised under server		841
Reclassification of management fee which was capitalised under server.		841
Total prior period errors		1,682

The asset register had an amount of R 6.7 million for the servers which were bought and captured on the asset register as one line item instead of 26 items. The only way for the Department could fix the error was to do extra ordinary receipts for the 26 items, add their serial number and barcodes separately. It should be noted that in the asset register submitted there were duplicate barcodes that are currently under investigation. During the physical asset verification shortages of assets were identified in several locations caused by the unauthorised movement of assets. Surplus assets were also identified and investigation is still underway to address the matter.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

29.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2017

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1,144	-	16,580	-	17,724
Value adjustments				1		1
Additions	-	-	-	558	-	558
Disposals	-	-	-	(384)	-	(384)
Total Minor Assets	**-**	**1,144**	**-**	**16,755**	**-**	**17,899**

Minor Capital Assets under investigation	Number	Value
		R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	**895**	**1,385**

The assets under investigation are assets that could not be located during asset verification. The Department is currently busy with investigation.

	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	-	15,856	-	17,000
Prior period error						
Additions	-	-	-	1,690	-	1,690
Disposals	-	-	-	(966)	-	(966)
Total Minor Assets	**-**	**1,144**	**-**	**16,580**	**-**	**17,724**

The variance between asset register and expenditure is due to the incorrect categorisation used on the asset register, the category was corrected in March but the update appears in the following month.

30. Intangible Capital Assets

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	6,177	-	71	-	6,248
Total Intangible Capital Assets	**6,177**	**-**	**71**	**-**	**6,248**

30.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash	Non-Cash	Development work in progress – current costs	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Software	71	-	-	-	71
Total Additions To Intangible Capital Assets	**71**	**-**	**-**	**-**	**71**

30. 2 Movement for 2015/16

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	6,177	-	-	-	6,177
Total Intangible Capital Assets	**6,177**	**-**	**-**	**-**	**6,177**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

31. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Buildings And Other Fixed Structures	236	-	-	-	236
Other fixed structures	236	-	-	-	236
Total Immovable Tangible Capital Assets	**236**	**-**	**-**	**-**	**236**

31.1 Movement for 2015/16

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Buildings and Other Fixed Structures	-	-	236	-	236
Other fixed structures	-	-	236	-	236
Total Immovable Tangible Capital Assets	**-**	**-**	**236**	**-**	**236**

Refurbishment and upgrading of Cape Town office and two buildings in Pretoria.

32. Prior period errors

32.1 Correction of prior period errors

	2015/16
	R'000
Assets:	
Investments	230,000
Net effect	**230,000**

A prior period error relating to 2015/2016 affecting the opening balance to the value of R230 Million was made due to reclassification of funding provided for the capitalisation of NHFC.

33. Statement of Conditional Grants Paid to the Provinces

	Grant Allocation				Transfer			Spent			2015/16
Name of Province/ Grant	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by provincial department	Amount spent by provincial department	% of available funds spent by provincial department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Summary by province											
Eastern Cape	1,991,457	4,186	-	1,995,643	1,991,457	-	-	1,995,643	1,995,643	100%	2,462,372
Free State	1,098,411	2,784	-	1,101,195	1,098,411	-	-	1,101,195	1,098,317	100%	1,057,284
Gauteng	5,022,669	-	-	5,022,669	5,022,669	-	-	5,022,669	4,978,964	99%	4,071,467
Kwazulu-Natal	3,124,702	-	-	3,124,702	3,124,702	-	-	3,124,702	3,123,330	100%	3,543,852
Limpopo	1,208,370	394,842	-	1,603,212	1,208,370	-	-	1,603,212	1,517,376	95%	1,283,877
Mpumalanga	1,314,645	-	-	1,314,645	1,314,645	-	-	1,314,645	1,302,757	99%	1,265,162
Northern Cape	371,109	3,821	-	374,930	371,109	-	-	374,930	368,127	98%	480,408
North West	2,151,817	-	-	2,151,817	2,151,817	-	-	2,151,817	1,951,247	91%	2,163,131
Western Cape	2,000,811	-	-	2,000,811	2,000,811	-	-	2,000,811	2,000,811	100%	1,975,122
Total	**18,283,991**	**405,633**	**-**	**18,689,624**	**18,283,991**	**-**	**-**	**18,689,624**	**18,336,572**	**98%**	**18,302,675**
Summary by grant											
1. Human Settlements Development grant (HSDG)	18,283,991	405,633	-	18,689,624	18,283,991	-	-	18,689,624	18,336,572	98%	18,302,675
Total	**18,283,991**	**405,633**	**-**	**18,689,624**	**14,723,558**	**-**	**-**	**18,689,624**	**18,336,572**	**98%**	**18,302,675**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *for the year ended 31 March 2017*

Name of Province/ Grant	Grant Allocation				Transfer			Spent			2015/16
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by provincial department	Amount spent by provincial department	% of available funds spent by provincial department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
1. HSDG											
Eastern Cape	1,991,457	4,186	-	1,995,643	1,991,457	-	-	1,995,643	1,995,643	100%	2,462,372
Free State	1,098,411	2,784	-	1,101,195	1,098,411	-	-	1,101,195	1,098,317	100%	1,057,284
Gauteng	5,022,669	-	-	5,022,669	5,022,669	-	-	5,022,669	4,978,964	99%	4,071,467
Kwazulu-Natal	3,124,702	-	-	3,124,702	3,124,702	-	-	3,124,702	3,123,330	100%	3,543,852
Limpopo	1,208,370	394,842	-	1,603,212	1,208,370	-	-	1,603,212	1,517,376	95%	1,283,877
Mpumalanga	1,314,645	-	-	1,314,645	1,314,645	-	-	1,314,645	1,302,757	99%	1,265,162
Northern Cape	371,109	3,821	-	374,930	371,109	-	-	374,930	368,127	98%	480,408
North West	2,151,817	-	-	2,151,817	2,151,817	-	-	2,151,817	1,951,247	91%	2,163,131
Western Cape	2,000,811	-	-	2,000,811	2,000,811	-	-	2,000,811	2,000,811	100%	1,975,122
Total	**18,283,991**	**405,633**	**-**	**18,689,624**	**18,283,991**	**-**	**-**	**18,689,624**	**18,336,572**	**98%**	**18,302,675**

In terms of Section 15(1)(a) of the Division of Revenue Act a total amount of R 18,283,991,000 was allocated to provinces. (b) R 63 610 000 and R 52 158 000 was withheld from Free State and Northern Cape respectively: this was due to the failure by Provinces to comply with section 12(6)(a),(b)and (c) of the Act. (c) transfers were made in accordance with the payment schedule. (d) No funds were re – allocated. (e) Transfers were made into the provinces' primary bank accounts. (f) The Human Settlements Development Grant (HSDG) was not utilised for other administrative purposes except in terms of Operational Capital Budget (OPSCAP) programme, which allows the provinces to utilize a certain percentage maximum of 5 % of the voted allocation (grant) to support the approved national and provincial housing programmes.

34. Statement of Conditional Grants and other Transfers Paid to Municipalities

	Grant Allocation				Transfer			Spent			2015/16
Name of Province/ Grant	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by provincial department	Amount spent by provincial department	% of available funds spent by provincial department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Buffalo City	731,499	-	-	731,499	731,499	-	-	731,499	510,132	70%	713,132
Nelson Mandela Bay	868,282	-	-	868,282	868,282	-	-	868,282	439,164	51%	846,480
Mangaung	725,003	58,644	-	783,647	725,003	-	-	725,003	544,689	75%	693,847
Ekurhuleni	1,890,352	-	-	1,890,352	1,890,352	-	-	1,890,352	815,522	43%	1,842,887
City of Johannesburg	1,775,809	94,984	-	1,870,793	1,775,809	-	-	1,775,809	1,017,418	57%	1,731,220
City of Tshwane	1,539,334	-	-	1,539,334	1,539,334	-	-	1,539,334	993,847	65%	1,500,683
eThekwini	1,885,685	-	-	1,885,685	1,885,685	-	-	1,885,685	856,694	45%	1,838,336
City of Cape Town	1,423,504	145,319	-	1,568,823	1,423,504	-	-	1,423,504	787,731	55%	1,387,760
Total	**10,839,468**	**298,947**	**-**	**11,138,415**	**10,839,468**	**-**	**-**	**10,839,468**	**5,965,197**		**10,554,345**

In terms of Section 15(1)(a) of the Division of Revenue Act a total of R 10 839 468 was allocated to Municipalities. (b) There were no transfer withheld or stopped. (c) Transfers were made as per the payments schedule. (d) There were no reallocations by National Treasury in terms of section 20 of the act. (e) Transfers were made into the eight Metropolitan municipalities' primary bank accounts. (f) There were no funds used for the administration of the allocation by the receiving officers.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1A

Statement of Transfers to Departmental Agencies and Accounts

	Transfer Allocation				Transfer		2015/16
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
DEPARTMENT/AGENCY/ACCOUNT	R'000	R'000	R'000	R'000	R'000	%	R'000
Housing Development Agency	167,512	-	(10,000)	157,512	157,512	100%	176,183
Social Housing Regulatory Authority	500,963	-	(6,100)	494,863	494,863	100%	508,803
Community Schemes Ombuds Service	23,920	-	6,100	30,020	30,020	100%	39,521
Total	**692,395**	**-**	**(10,000)**	**682,395**	**682,395**		**724,507**

ANNEXURE 1B

Statement of Transfers to Higher Education Institutions

	Transfer Allocation				Transfer			2015/16
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	Amount not transferred	% of Available funds Transferred	Appropriation Act
NAME OF HIGHER EDUCATION INSTITUTION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Mangosuthu University of Technology	-	-	3,500	3,500	3,500	-	0%	-
Total	**-**	**-**	**3,500**	**3,500**	**3,500**	**-**	**0%**	**-**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1C

Statement of Transfers/Subsidies to Public Corporations and Private Enterprises

Name of Public Corporation/Private Enterprise	Transfer Allocation				Expenditure				2015/16
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000		R'000	%	R'000
Public Corporations									
Transfers									
Council for Scientific and Industrial Research	-	-	5,000	5,000	5,000	100%	-	5,000	-
Total	-	-	5,000	5,000	5,000	100%	-	5,000	-

ANNEXURE 1D

Statement of Transfers to Foreign Government and International Organisations

Foreign Government/International Organisation	Transfer Allocation				Expenditure		2015/16
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
United Nation Membership Fees	1,211	-	713	1,924	1,923	100%	1,368
Total	1,211	-	713	1,924	1,923	100%	1,368

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1E

Statement of Transfers to Households

	Transfer Allocation				Expenditure		2015/16
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
Households	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Post Retirements Benefits	-	-	555	555	555	100%	-
Leave Gratuity	-	-	1,021	1,021	995	97%	1,336
Bursaries (Non- Employees)	9,355	-	(3,508)	5,847	4,529	77%	8,719
Claims Against the State (Cash)		-	245	245	245	100%	83
Act of Grace	46	-	-	46		0%	-
Total	**9,401**	**-**	**(1,687)**	**7,714**	**6,324**		**10,138**

ANNEXURE 1F

Statement Of Aid Assistance Received

		Opening Balance	Revenue	Expenditure	Paid Back un/ by 31 March	Closing Balance
Name Of Donor	Purpose	R'000	R'000	R'000	R'000	R'000
Received in cash						
LGSETA	Funding for disadvantage students in human settlements related qualifications	-	7 658	7 358	-	300
DPSA	Funding for Municipal Rental Housing Information Officials	-	393	-	-	393
PSETA	Funding of learnerships	-	246	312	-	(66)
Total		**-**	**8,297**	**7,670**	**-**	**627**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

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 16/17	% Held 15/16	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
				2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	Yes/No
National/Provincial Public Entity												
National Housing Finance Corporation		100	100	84,187,332	84,187,332	1,110,000	1,110,000	2,730,682	2,655,903	74,779	(21,855)	No
National Housing Finance Corporation		-	-	-	-	200,000	100,000	200,000	100,000	-	-	No
SERVCON Housing Solution		100	100	100	100	604	604	63,209	57,541	5,668	(1,092)	No
National Urban Reconstruction and Housing Agency		-	-	-	-	61,000	61,000	61,000	61,000	27,800	18,049	No
Total		200	200	84,187,432	84,187,432	1,371,604	1,271,604	3,054,891	2,874,444	108,247	(4,898)	

ANNEXURE 2B

Statement of Investments in and Amounts Owing by/to Entities (Continued)

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Controlled entities									
National Housing Finance Cooperation	National Housing Finance Cooperation	1,310,000	1,210,000	2,930,682	2,755,903	-	-	-	-
Servcon Housing Solutions	Servcon Housing Solutions	604	604	63,209	57,541	-	-	-	-
National Urban Reconstruction and housing Agency	National Urban Reconstruction and housing Agency	61,000	61,000	545,128	517,431	-	-	-	-
Total		1,371,604	1,271,604	3,539,019	3,330,875	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 3A

Statement of Financial Guarantees Issued as at 31 March 2017 – Local

Guarantor Institution	Guarantee in Respect of	Original guaranteed capital amount	Opening balance 1 April 2016	Guarantees draw downs during the year	Guarantees repayments/cancelled/ reduced/released during the year	Revaluations	Closing balance 31 March 2017	Guaranteed interest for year ended 31 March 2017	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Nedbank	Housing	-	11	-	-	-	11	-	-
Standard Bank	Housing	-	10	-	10	-	-	-	-
First Rand Bank	Housing	-	-	24	-	-	24	-	-
Old Mutual	Housing	-	-	6	-	-	6	-	-
	Total	-	21	30	10	-	41	-	-

ANNEXURE 3B

Statement of Contingent Liabilities as at 31 March 2017

Nature of Liability	Opening Balance 1 April 2016	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2017
Claims against the department	R'000	R'000	R'000	R'000	R'000
Tsogo ka Bohlaswa Trading Enterprise	401	-	-	-	401
EJ Seeqela v Minister of Human Settlements	75	-	-	-	75
Pasco Risk Management v EAAB & 3 others	490	-	-	-	490
Sunjith Singh v Minister of Human Settlements & NHBRC	327,586	-	-	-	327,586
Manye Moroka vs National Department of Human Settlements	-	150	(150)	-	-
Mr JA Lusenga vs National Department of Human Settlements	-	95	(95)	-	-
T Mpotulo v Minister of Human Settlements	1,000	-	(1,000)	-	-
Mafotha (MVA)	14	-	(14)	-	-
Total	329,566	245	(1,259)	-	328,552

It is premature for the Department to say whether these cases against the Department can or cannot be won. As these cases are before the Courts it is for the Courts to decide The outcome of these cases cannot be anticipated. The Department is defending the cases and will continue to defend as such until finality. There is no reimbursement expected by the Department.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 4

Claims Recoverable

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	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
Department								
South African Police Services	-	-	10	10	10	10	-	-
Department of Water & Sanitation	-	-	186	186	186	186	-	-
Department of Cooperative Governance & Traditional Affairs	-	30	-	-	-	30	-	-
Statistics South Africa	27	-	-	88	27	88	-	-
Eastern Cape Department of Roads & Public Works	-	-	59	59	59	59	-	-
Department of Energy	-	-	-	259	-	259	-	-
Department of Higher Education and Training	-	-	20	-	20	-	-	-
Limpopo Cooperative Governance	-	-	-	84	-	84	-	-
Department of Labour	47	-	-	-	47	-	-	-
Sub Total	**74**	**30**	**275**	**686**	**349**	**716**	**-**	**-**
Other Government Entities NHBRC	**-**	**-**	**58**	**-**	**58**	**-**	**-**	**-**
Sub Total	**-**	**-**	**58**	**-**	**58**	**-**	**-**	**-**
Total	**74**	**30**	**333**	**686**	**407**	**716**	**-**	**-**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 5

Inter-Government Payables

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	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
Department								
Current								
South African Police Service	-	-	-	43	-	43	-	-
Department of Justice and Constitutional Development	230	-	-	-	230	-	-	-
Total	**230**	**-**	**-**	**43**	**230**	**43**	**-**	**-**

ANNEXURE 6

Inventories

Inventory [Per Major Category]	Notes	Quantity	2016/17	Quantity	2015/16
			R'000		R'000
Opening balance		5	1	148,664	11,033
Add/(Less): Adjustments to prior year balance		-	(13)	-	-
Add: Additions/Purchases – Cash		15,042	2,897	27,318	13,527
Add: Additions - Non-cash		1	-	1	-
(Less): Issues		(15,043)	(2,916)	(175,978)	(24,559)
Add/(Less): Adjustments		(4)	(1)	-	-
Add/(Less): Weighted Average Price Variance		-	33	-	-
Closing balance		**1**	**1**	**5**	**1**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 8A

Inter-Entity Advances Paid (Note 14)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	R'000	R'000	R'000	R'000	R'000	R'000
National Departments						
Gcis	765	3,550	-	-	765	3,550
Dirco	-	-	481	7,699	481	7,699
Total	**765**	**3,550**	**481**	**7,699**	**1,246**	**11,249**

S A HOUSING FUND *for the period ended 31 March 2017*

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN HOUSING FUND

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the South African Housing Fund set out on pages 246 to 253 which comprise statement of financial position as at 31 March 2017 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 2017, and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Responsibilities of the Accounting Officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of the Generally Recognised Accounting Practice and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 accounting officer either intends to liquidate the entity 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 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 and compliance with legislation

10. The audits of predetermined objectives and compliance with legislation are not applicable as the fund was dormant for the year under review.

Other information

11. The South African Housing Fund's accounting officer is responsible for the other information. The other information comprises the information included as per the department's annual report, which includes the audit committee report. The other information does not include the financial statements, the auditor's report thereon and those presented in the annual performance report that have been specifically reported on in the auditor's report.

12. 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.

13. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

14. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor - General

Pretoria
31 July 2017

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

S A HOUSING FUND *for the period ended 31 March 2017*

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 the accounting officer [insert other.

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

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

S A HOUSING FUND *for the period ended 31 March 2017*

MANAGEMENT REPORT

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 to audit the books and statements of account and balance sheet of the South African Housing Fund. The Office of the Auditor-General will continue to perform the statutory audit of the South African Housing Fund.

4. Approval of financial statements

The financial statements set out on pages 250 to 253 for the South African Housing Fund were approved by the accounting officer.

S A HOUSING FUND *for the period ended 31 March 2017*

FINANCIAL STATEMENT OF FINANCIAL POSITION

	Note	2016/17	2015/16
ASSETS		R'000	R'000
Current Assets		32,585	32,585
Cash and Cash Equivalents	5	32,585	32,585
Total Assets		32,585	32,585
EQUITY AND LIABILITIES			
Capital and Reserves		31,958	31,958
Accumulated profits/(Losses)		31,958	31,958
Current Liabilities		627	627
Trade and other payables	3	627	627
Total Equity and Liabilities		32,585	32,585

S A HOUSING FUND *for the period ended 31 March 2017*

CASH FLOW STATEMENT

CASH FLOWS FROM FINANCE ACTIVITIES:	Note	2016/17 R'000	2015/16 R'000
(Increase)/Decrease in financial instruments		-	-
Net cash inflow/(outflow) from investing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		32 585	32 585
Cash and cash equivalents at end of period	5	**32 585**	**32 585**

S A HOUSING FUND *for the period ended 31 March 2017*

ACCOUNTING POLICIES

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

1. BASIS OF PREPARATION

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

1.1 Financial Instruments

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

Measurement

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

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents are measured at cost.

Financial liabilities Financial liabilities are recognized at cost.

1.2 Administration Costs

All administration costs are borne by Department of Human Settlements.

S A HOUSING FUND *for the period ended 31 March 2017*

NOTES TO THE STATEMENT OF FINANCIAL POSITION

2 . Trade and other Receivables

	2016/17	2015/16
	R'000	R'000
Debtors	421	421
Less: Provision for bad debt	(421)	(421)
Total	-	-

3. Trade and other Payables

Post office account	627	627
Total	627	627

4. Disestablishment of the S A Housing Fund

The final disestablishment of the SAHF will be effected upon the promulgation of the Human Settlements Act.
The SAHF was delisted from the Public Finance Management Act with effect from 18 November 2003.

Notes to the Cash Flow Statement

5. Cash and Cash Equivalents

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

According to an enquiry to National Treasury, the SAHF does not earn any interest on its CPD deposit. National Treasury indicated that funds (to the credit of the SAHF) should not have been paid to the SAHF. It was furthermore indicated that National Treasury borrows funds in all CPD accounts at 0% interest and utilizes such funds to fund its daily cash flows, hence interest earned on the deposit at CPD is not disclosed as income earned.

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