

# DEPARTMENT OF HUMAN SETTLEMENTS

Vote 30, Annual Report  
for the year ended 31 March 2011

RP93/2011

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**The Honorary Mr T M G Sexwale (MP), Minister of Human Settlements**

I have the honour of submitting the Annual Report of the National Department of Human Settlements for the period 1 April 2010 to 31 March 2011.



T Zulu

**Director-General: Department of Human Settlements**

31 May 2011



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# GENERAL INFORMATION

## 1.1 Vision

A nation housed in sustainable human settlements

## 1.2 Mission

During the period under review the Mission of the Department was revised in line with the Department of Human Settlements Outcome 8, to read:

"TO FACILITATE THE CREATION OF SUSTAINABLE HUMAN SETTLEMENTS AND IMPROVED QUALITY OF HOUSEHOLD LIFE."

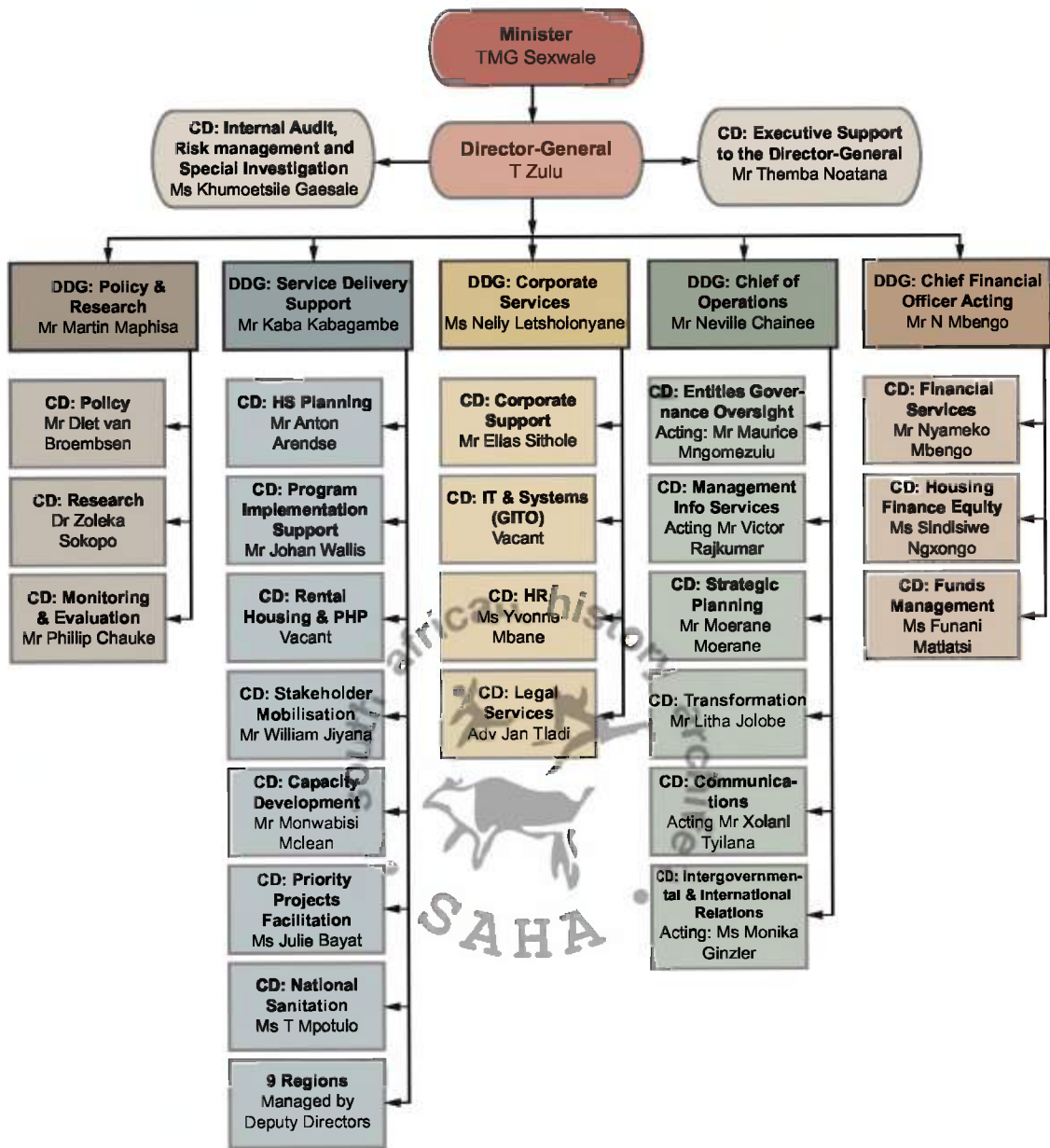
## 1.3 Values

The Department's core values, based on the Constitution of the Republic of South Africa, are as follows:

- Accountability
- Fairness and equity
- Choice, quality and affordability
- Sustainability
- Innovation.

## 1.4 Organisational structure





## 1.5 Legislative mandates

### **Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996)**

Section 26 (1) of the Constitution enshrines access to adequate housing as a basic right for all South Africans. The State is compelled to take reasonable measures within its available resources, including the introduction of legislation, to work towards ensuring that all South Africans enjoy this right [Section 26(2)]. The legislation that the Department of Human Settlements has promulgated and implemented falls squarely within this Constitutional imperative.

Section 26: Access to adequate housing a basic human right; Govt to ensure environment conducive to the progressive realisation of the right; Schedule 4: National and Provincial Governments have concurrent legislative competence. Section 28 and Bill of Rights Equality Clause (9)(3) with particular reference to youth and women.

### **Housing Act, 1997 (Act No 107 of 1997)**

The Department of Human Settlements is carrying out its legislative imperative as set out in the Housing Act, 1997 through existing and future legislation and the Housing Code requires the Minister of Housing to determine national housing policy and programmes and negotiate funding for such programmes. In addition the Act requires of the Minister of Housing to establish housing institutions.

### **Comprehensive Plan for the Creation of Sustainable Human Settlements (BNG)**

A blueprint for the Revised Housing Code which was approved by Cabinet in 2004, it reinforces the vision of the Department of Housing, to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing. Key to realising the objectives of BNG is the vigorous engagement and participation of sector-specific stakeholders which include the Presidency (Chapter 9 Institutions), Government Departments, the private sector and civil society.

### **The Housing Consumers Protection Measures Act, 1998 (Act No 19 of 1998)**

This Act provides for the establishment of a statutory body for homebuilders. The National Home Builders Registration Council registers builders engaged in certain categories of house construction and regulates the home building industry by formulating and enforcing a code of conduct. The Department monitors implementation of the Act continuously.

### **The Housing Development Agency Act, 2008 (Act No 23 of 2008)**

This Act provides for the establishment of a statutory body to identify, facilitate the acquisition and the holding of land and landed properties; facilitate the planning processes and coordinate funding for the land identified for sustainable human-settlement development in the various provinces and municipalities; which in the end has to fast-track the housing-development process. The Agency has been established and the Department will from 2009 henceforth monitor the implementation of the Act on a continuous basis.

### **Public Finance Management Act, 1999 (Act No 1 of 1999 - as amended by Act No 29 of 1999)**

This Act provides for the effective management of public funds by public sector officials including those in public entities. The PFMA gives effect to financial management and places a greater implementation responsibility with managers and makes them more accountable for their performance. The department monitors adherence of its housing entities to the Act on a continuous basis.

### **The Social Housing Act, 2008 (Act No 16 of 2008)**

This Act provides for the establishment of the Social Housing Regulatory Authority (SHRA). The establishment of this entity was underway and had been finalised by end of the 2009/2010 financial year. Once established and as with other housing entities. SHRA will report to the Minister of Human Settlements. The Department will monitor the delivery of its statutory mandate and provide governance oversight.

**The Division of Revenue Act, 2011 (Act No 6 of 2011)**

This act enforces the compulsory use of the Housing Subsidy System (HSS) as part of the conditions as gazetted.

**The Rental Housing Act, 1999 (Act No 50 of 1999)**

This Act repeals the Rent Control Act of 1976 and defines Government's responsibilities around rental housing property. It creates mechanisms that promote the provision of rental housing and the proper functioning of the rental housing market. To facilitate sound relations between tenants and landlords, the Act lays down general requirements for leases and principles for conflict resolution in the rental-housing sector. It also makes provision for the establishment of Rental Housing Tribunals and defines the functions, powers and duties of these tribunals. The duty of establishing Rental Housing Tribunals resides with the provinces.

The social housing work programme will be informed by the Social Housing Act 16, 2008 and the Rental Housing Amendment Bill will be submitted to Parliament for enactment. Both these pieces of legislation form the framework and parameters within which the social/rental housing sector will operate.

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

The Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities. It requires financial institutions to disclose information it needs to identify possible discriminatory lending patterns. The Act has been in operation since 7 July 2007 simultaneously with the Regulations through Presidential Proclamation.

**Inclusionary Housing Bill**

The Inclusionary Housing Policy has been completed, a Bill has been drafted and will be sent to Cabinet for in-principle approval.

**Sectional Titles Schemes Management Bill**

This Bill in effect takes over the housing management provisions of the Sectional Titles Act which is administered by the Department of Rural Development and Land Reform. The Bill has been passed by Parliament.

**Community Schemes Ombud Service Bill**

This is linked to the Sectional Titles Schemes Management Bill and provides for a dispute resolution mechanism for sectional titles and other residential community schemes. The Bill has been passed by Parliament.

Against the background of the analysis of trends and emerging challenges in the housing environment, the outcome of the extensive stakeholder consultative process, Government priorities determined at the first post-election Cabinet Lekgotla (May 2009), the following macro elements form the pillars (strategic goals) of the Human Settlements Strategy.

**Intergovernmental Relations Framework (Act No 13 of 2005)**

The Act is meant to facilitate coordination by the three spheres of Government - national, provincial and local governments - in the implementation of policy and legislation.

**Policy mandates**

The Minister of Human Settlements' policy development mandate stems from the Housing Act, 1997 (Act No 107 of 1997). Section 3 of the Housing Act, 1997 *inter alia* provides that:

The national Government acting through the Minister must, after consultation with every MEC and the national organisation representing municipalities as contemplated in section 163 (a) of the Constitution, establish and facilitate a sustainable national housing development process. For the purposes of subsec-

tion (1) the Minister must determine national policy, including national norms and standards, in respect of housing development.

In addition the Housing Act, 1997 provides for the authority of the Minister of Human Settlements to institute and finance national housing programmes. The funding allocated to provincial governments by the Minister of Human Settlements may only be utilised in terms of the provisions of national housing programmes and provincial housing programmes that are consistent with national housing policy.

Following the 2009 elections an extension to the mandate of the Department was approved by Cabinet in July 2009 as part of Medium Term Strategic Framework. During the course of January 2010 the Cabinet further approved an outcomes-based approach to the mandate and work of the Department with the adoption of the outcome - Sustainable Human Settlements and Improved Quality of Household Life.

Based on the expansion of the mandate of the Department, there are initiatives in the Department to publish a Green Paper on Human Settlements.

The following is a list of all legislation tabled in Parliament during 2010/2011 financial year:

- Sectional Titles Schemes Management Bill
- Community Schemes Ombud Service Bill
- Rental Housing Amendment Bill.

## 1.6 Entities reporting to the Minister

The following entities have been established by and report to the Department of Human Settlements:

### **SERVCON HOUSING SOLUTIONS**

Servcon Housing Solutions was established in 1995 as a result of the "Record of Understanding", signed in October 1994. The company was established in terms of the Companies Act of 1973 and was mandated to provide exclusive management services effective from 1 April 1998, with respect to a documented "ring-fenced" portfolio of 33 310 properties comprising Properties in Possession (PIPs) and Non-Performing Loans (NPLs) worth R1,277 billion for a period of eight years from April 1, 1998 to March 31, 2006. During 2007 the institution undertook to assist provinces through a normalisation and regularisation programme.

Servcon is in the process of closure. The closure is guided by an approved closure plan. A Joint Transition Management Committee was appointed to oversee the closure process.

### **THUBELISHA HOMES**

Thubelisha Homes is a Section 21 company established as a "special purpose vehicle to facilitate the acquisition of rightsizing housing stock and the disposal of these houses to Servcon clients". With the changing housing delivery landscape, Thubelisha was requested to act as project manager/developer and assist provinces and municipalities in the delivery of housing in line with the Comprehensive Plan on the Development of Sustainable Human Settlements (BNG).

Thubelisha Homes is in the process of closure. A closure plan for the closure of Thubelisha Homes was developed and approved. A Closure Steering Committee oversees the closure process of Thubelisha Homes.

### **NATIONAL HOME BUILDERS REGISTRATION COUNCIL (NHBC)**

The Council is a public entity established in terms of the Housing Consumer Protection Measures Act (Act No 95 of 1998) and provides an exclusive regulatory function in the home-building environment. It was



established in November 1998 with the mandate to protect potential housing consumers from unscrupulous homebuilders. Since its inception, it has been striving to regulate and provide better services to consumers through the registration of homebuilders, the enrolment of homes and home inspections. The institution continues to manage the Warranty Fund formed under Housing Consumer Protection Measures Act.

The Council commenced with an organisational restructuring process in the 2009/2010 financial year in order to ensure a match between the skills sets of staff to posts and ultimately to ensure a high level of customer service delivery. The Council is committed to continuous training of staff members to enhance the NHBRC's performance culture. The restructuring process continues and is expected to be completed in the 2011/2012 financial year. Other key outputs from the restructuring process are the enhancement of geo-technical and inspection services and internal quality assurance monitoring through the introduction of a new quality assurance division to the existing organisational structure.

#### **NATIONAL HOUSING FINANCE CORPORATION (NHFC)**

The NHFC was established following a Cabinet decision in May 1996, as envisaged in the White Paper on Housing, which was approved by Cabinet on December 7, 1994. The mandate of the NHFC is to search for new and better ways to mobilise finance for housing, from sources outside the State, in partnership with the broadest range of organisations.

A review was undertaken by the executive committee to ensure the continued relevance of the corporation considering new developments in its operating environment.

During the 2010/2011 financial year the NHFC investigated the feasibility of the introduction of the Default Mortgage instruments to specifically address issues of affordability, accessibility and scale at end user level.

Going forward, the core business will be refocused to facilitate increased and sustained lending and contributions by the private sector. The refocusing will reposition business initiatives as follows: 60 per cent towards facilitation activities aimed at optimally leveraging private sector contribution and 40 per cent towards traditional wholesale lending and project finance activities.

#### **NATIONAL URBAN RECONSTRUCTION AND HOUSING AGENCY (NURCHA)**

The NURCHA is the result of a partnership between the South African Government and the Open Society Institute of New York. The institution was established in 1995 as a Section 21 company in terms of the Companies Act (1973).

NURCHA's operations are arranged in three programmes, namely the subsidised-housing programme, the affordable housing programme and the infrastructure-and-community facilities programme. The institution differentiates between established and emerging contractors. Finance is provided to established contractors directly whilst a separate, specialised intermediary channel is used for the provision of finance to emerging contractors, resulting in the normalisation of risks associated with this market segment by the traditional financial institutions. In this regard, the intermediaries assist the emerging contractors with a range of construction support services.

Over the medium term the institution will support delivery in terms of the programme of action of Government through the continued provision of finance and project support to emerging and established contractors through the existing programmes.

In addition, NURCHA will continue to participate in the emerging contractor incubator programme, in order to secure contractor capacity for future construction projects.

### **RURAL HOUSING LOAN FUND (RHLF)**

The RHLF is a development finance institution, established in August 1996 as an association not for gain. The company operates as a wholesale lender to retail intermediaries with the main aim to provide development finance to the low-income rural market, in order to create or improve housing opportunities. RHLF will focus on the following strategic priorities over the MTEF period: broadening and deepening the reach of rural housing finance and credit affordability.

The institution intends to continue to support and maintain its existing portfolio of intermediaries through structured disbursements and to expand its footprint into deep rural areas by providing wholesale loans to alternative community-based organisations. The entity intends to address end-user credit affordability by introducing wholesale loans to robust intermediaries at a discounted rate.

### **SOCIAL HOUSING FOUNDATION (SHF)**

The SHF is a Section 21 company established to broadly develop and build capacity for social housing, to encourage local and international networking by bridging together various players in range of forums in order to promote information and skills exchanges and cooperation and to develop a policy framework for social housing.

Between 2007/2008 and 2009/2010 the strategic priority areas of the institution have been policy support, social housing research, technical support, coordination support, as well as monitoring and evaluation services to various public and private stakeholders.

The policy support activities of the entity culminated in the development of the Social Housing Act (2008). The Social Housing Act provides for the establishment of the Social Housing Regulatory Authority to regulate social housing institutions receiving public funds and to regulate the assessment, approval, administration and disbursement of institutional investment and capital grants to social housing institutions.

The SHF served its purpose by providing a firm base for the next phase in the development of the social housing sector in South Africa.

The entity commenced with the implementation of a closure plan in the 2010/2011 financial year and is expected to be dissolved by March 31, 2011. Relevant functions and related resources of the institution will be absorbed by the Department and the Social Housing Regulatory Authority respectively.

### **HOUSING DEVELOPMENT AGENCY (HDA)**

The HDA was recently established in terms of the Housing Development Agency Act, 2008 (Act No 23 of 2008), effective from October 31, 2008.

The purpose of the Agency is to respond to the requirements of the Comprehensive Plan by identifying, acquiring, developing land; and the disposal of land and landed properties.

The agency is required to facilitate the acquisition of land in a way that supplements the capacities of Government across all spheres. It also provides project management expertise in human settlement projects and facilitates the development of projects through accelerated and innovative project packaging.

The strategic priorities of the Agency between 2010/2011 and 2013/2014 is to build and maintain inter-governmental relations, defining and mapping of priority housing development areas, land identification and acquisitions, special projects management and the development of a spatial and management information system.



## **THE SOCIAL HOUSING REGULATORY AUTHORITY (SHRA)**

The Social Housing Act (Act No 16 of 2008), as promulgated on November 5, 2008 provides for the establishment of the SHRA. The institution will be required to promote the development of the social housing sector, to regulate all social housing institutions obtaining or having obtained public funds and to give statutory recognition to social housing institutions.

A priority of the Regulatory Authority is to capacitate the organisational structure in order to enable the institution to deliver on its mandate. Thereafter the main focus of the institution will be to implement the social housing regulations and to disburse and monitor the utilisation of capital and capacity grants to the social housing sector.

A major responsibility and task of the SHRA will be to ensure that the Departmental Priority of upscaling social and rental housing is achieved. A substantial reprioritisation of funding for social and rental housing has been approved. The SHRA in conjunction with the NHFC will be expected to take the lead in this matter, together with the provinces, cities and towns. The target set of eighty thousand units is onerous and will require collective and committed effort from both the public and private sector.

### **1.7 Minister's statement**

Our goal of creating Sustainable Human Settlements is steadily taking shape *albeit* far distant from where we ought to be. Thus we note the following:

- A Human Settlements budget, beyond housing, is emerging with improved coordination.
- There is greater clarity on the nature and severity of the problems confronting the country's residential drive.
- Accelerated delivery of quality houses remains undiminished.

Important strides have been made, during the period under review. These include:

- Strategic municipalities being given authority to drive human settlements.
- Enhancing the financial architecture of municipalities, through the introduction of the Urban Settlements Development Grant(USDG).
- Introduction of new policy interventions, aimed at speeding up quality delivery through splitting the Human Settlements Grant in an 80/20 arrangement.
- Witnessing the beginnings of the use of alternative building methods.
- The passing of the two Bills: Community Schemes Ombuds Service; and the Sectional Titles Schemes Management Act.
- Commitment made with the President, through Outcome 8.
- The convening of the Special Presidential Coordinating Council on Human Settlements.
- Launching of projects that give better shape to our Human Settlements Goal.

#### **"And yet critical barriers remain..."**

Coexisting with the achievements we have recorded, are impediments threatening the decisive delivery of quality settlements. These relate to five broad barriers identified in our search for sustainable solutions, as we put the building blocks towards our Human Settlements Vision 2030. The Special Presidential Coordinating Council confirmed the barriers to be:

- Mobilising non-financial resources, including land.
- Exploring alternative funding models.
- Paying attention to capacity problems, including project management and bulk infrastructure.
- The need to address the legislative environment which is hindering progress.
- Focusing attention on alignment of critical mandates and functions.

The Annual Report is indeed a reflection of work in progress.



**T M G Sexwale - MP**  
**Minister of Human Settlements**

### 1.8 Deputy Minister's statement

It gives me great pleasure to submit some of the work done by the Department during this period. I recall a series of meetings when we were trying very hard to conceptualise what human settlements is all about – in practical terms as well as its ramifications. There were times in which our new mandate seemed like an impossible mission. One thing which was crystal clear in all our minds is that it is indeed a mammoth task.

Ironically it took a lengthy series of sleepless nights to figure out that our mandate can only succeed with strong partnerships within the various spheres of government, private sector and organs of civil society. Human settlements is about the whole of South Africa working together in the provision of shelter for all. The provision of housing brings water, electricity, sanitation, roads and other basic services.

Human settlement is about bringing people closer to places of work, learning and playing. Our work provides the beneficiaries with schools, clinics, churches, playgrounds and police stations closer to where they live. In other words, we don't just build houses - we are building communities, as well.

Allow me to thank the people who made my work here at Human Settlements a little lighter than I had thought it would be. I would like to thank the Minister, Comrade Tokyo Sexwale for his visionary political leadership and direct support to me as his Deputy Minister.

I would also like to thank: the Director-General, Mr Thabane Zulu; Deputy Directors-General; Chief Directors; and the rest of the team, especially those who lead units under my portfolios. Your prompt and yet professional responses to my instructions have always been humbling.



**Z Kota-Fredericks - MP**  
**Deputy Minister of Human Settlements**

## 1.9 Accounting Officer's Overview

The constitutional obligation to provide adequate shelter is the foundation of all strategies and policies of the Department of Human Settlements. The adoption of the comprehensive plan for the development of sustainable human settlements in 2004 marked a conceptual shift away from the mandate of providing a house on poorly located land that is far from economic activity and social services, to the provisioning of amenities to support the creation of functional communities, through access to transport, social services and jobs.

### FROM HOUSING TO HUMAN SETTLEMENTS

The principles of human settlement development outlined by policy necessitated a re-look at the Housing Act of 1996. This resulted in efforts to repeal the Housing Act and for it to be replaced by the Human Settlements Act. This process takes into consideration the lengthy legislative process that was not concluded at the end of the financial year. Similarly, a service provider was engaged in the third quarter of the financial year to assist the Department to position itself to respond to the Human Settlements Mandate. This occurred in the space of the development of the Human Settlements 2030 Vision. Vision 2030 seeks to locate the role of the Department within the context of realising Government's transformation targets.

### INSTITUTIONAL CHANGES IN THE HOUSING SECTOR

It must be appreciated that the shift to the new Human Settlements Mandate requires an institutional recognition of the housing delivery model, including a review of the Department and all relevant public entities; over the medium term, the Department of Human Settlements will focus on maximising cooperation and coordination between the built-environment sector Departments, where delivery is devolved to local government. This is supported by an accreditation framework in terms of Section 10 of the Housing Act (1997). While progress on the devolution of housing function to municipalities has been slow, six metropolitan municipalities have achieved Level 2 accreditation by April 2011, with the new metropolitan municipalities, Buffalo City and Mangaung, accredited to Level 1.

Within the Department, further institutional changes are in progress. The changes are underpinned by the Department's turnaround strategy to support the Government outcome related to human settlements. The strategy will be implemented in 2011/2012. The rationalisation of the development finance institutions reporting to the Department is under way to support the human settlements objective. The promulgation of the Social Housing Act (2008) and the Housing Development Agency Act (2008) establishes the Social Housing Regulatory Authority and the Housing Development agency. The Social Housing Regulatory Authority is expected to be operational in 2011/2012, and will regulate the social housing sector and administer the capital restructuring grant for social housing. The rationalisation of public entities reporting to the Department of Human Settlements is also underway. The closure of Thubelisha Homes, Servcon Housing Solutions and the social Housing Foundations is nearing finality.

### THE OUTCOMES APPROACH

Despite the delivery of 2.8 million housing opportunities between 1994 and 2009/2010, the housing-subsidy programme has continued to entrench segregated spatial patterns, marginalising the poor from economic opportunity. As a result, the security of a house, as a potential wealth-creating asset, has not alleviated poverty in poor households and communities. Through effective land use, choice of tenure and mixed-income developments, the Department of Human Settlements anticipates improved outcome from the housing-subsidy programme.

In terms of Government's Twelve (12) Outcomes, the Department of Human Settlements contribute to sustainable human settlements and improved quality of household life (Outcome 8). To accelerate the delivery of basic service, housing opportunities, and improving access to the property market, the Department of Human Settlements, together with provinces and municipalities, focused on the following outputs over the medium term: upgrading 400 000 units of accommodation within informal settlements (Output 1); improving

access to basic services by providing universal access to sanitation (Output 2); facilitation the provision of 80 000 affordable social and rental housing units of accommodation in well-located areas; facilitating the provision of improved housing finance opportunities for 600 000 households within the gap market for people earning between R3 500 and R12 800 (Output 30) and realising 6 250 hectares of public-owned land for housing development.

#### **UPGRADING INFORMAL SETTLEMENTS**

Given the trend in migration, the role of metropolitan municipalities in the upgrading of informal settlements will be strengthened over the medium-term period. The creation of the new urban-settlement development grants to cities allows for the six Metropolitan Municipalities and two Districts to improve efficiency, maximise the developmental outcomes and achieve a coordinated approach to built-environment management. With greater flexibility to accelerate service delivery, the grant seeks to supplement the capital budgets of large cities to ensure integrated national, provincial and municipal planning to support the creation of sustainable human settlements and improve quality of household life.

To provide support and assistance to implement the upgrading of informal settlements, a national upgrading support programme was established in 2009. In addition to assessing and refining the existing policy framework, the support programme developed manuals for implementing projects and designed a national capacity building programme by providing technical support to municipalities.

Of paramount importance for the period under review was for the Accounting Officer to contribute and find solutions that will stabilise the housing market and stimulate job creation in the construction sector, thus positioning the Department of Human Settlements as an economic driver for social stability and cohesion. The Department's interface with Parliament during the financial year was positive with all invitations to account successfully honoured; the same applies for participation in the various clusters in coordinating Government programmes. Six Cabinet Memoranda were developed and canvassed with Cabinet in an effort to reshape the Department of Human Settlements.

The sections below, account for delivery programmes as captured in the 2010/2011 Estimate of National Expenditure (ENE) and the Departmental Strategic and Operational Plan. It accounts for the Programmes approved and the supportive budgets in terms of the Housing Act and supportive legislation in the coordination of Outcome 8 targets over the Medium Term Expenditure Frameworks(MTEF) period.



T Zulu  
**Director-General: Department of Human Settlements**  
31 May 2011



# INFORMATION : PREDETERMINED OBJECTIVES

## 2.1 Overall performance

### 2.1.1 Voted funds

Programme	Main appropriation (R'000)	Adjusted appropriation (R'000)	Actual amount spent (R'000)	Over-/Under expenditure (R'000)
1. Administration	176 200	221 188	188 577	32 611
2. Housing Policy, Research and Monitoring	45 900	43 871	32 636	11 235
3. Housing Planning and Delivery Support	206 800	207 196	158 375	48 821
4. Housing Development Finance	15 598 100	15 674 395	15 624 981	49 414
5. Strategic Relations and Governance	174 400	145 109	87 384	57 725
<b>Total</b>	<b>16 201 500</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>
<b>Responsible Minister</b>	<b>Minister of Human Settlements</b>			
<b>Administering Department</b>	<b>Department of Human Settlements</b>			
<b>Accounting Officer</b>	<b>Director General of Human Settlements</b>			

### 2.1.2 Aim of the vote

The aim of the vote for the Department of Human Settlements is: determine, finance, promote, co-ordinate, communicate and monitor the implementation of housing policy and human settlements.

### 2.1.3 Summary of Programmes

#### 2.1.3.1 Programme 1: Administration

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

#### 2.1.3.2 Programme 2: Housing Policy, Research and Monitoring

Purpose: to develop and promote policies on human settlement and housing supported by a responsive research agenda and to monitor and assess the implementation, performance and impact of national housing policies and programmes.

#### 2.1.3.3 Programme 3: Housing Planning and Delivery Support

Purpose: to support implementation and delivery; build capacity; liaise and communicate with stake-holders for effective housing and human settlement programmes.

#### 2.1.3.4 Programme 4: Housing Development Finance

Purpose: to fund programmes for housing and human settlement development; to provide financial and grant management services; to promote investment in housing finance; to mobilise and promote financial probity within housing institutions; and to manage all matters provided for by the Home Loan and Mortgage Disclosure Act (2000).



### 2.1.3.5 Strategic Relations and Governance

Purpose: to coordinate the Department's mandate within the intergovernmental relations framework; to manage international relations; promote good governance practices within the Department and its public entities; and to provide timely and integrated business information to the Department.

### 2.1.4 Key strategic objective achievements

Apart from providing strategic leadership, administrative and management support services and oversight, the following were the Departmental Key Strategic Objectives for the period under review:

- Develop and promote policies on human settlements and housing, supported by a responsive research agenda; and to monitor and assess the implementation, performance and impact of national housing policies and programmes.
- Support implementation and delivery; build capacity; and liaise and communicate with stakeholders for effective housing and human settlement programmes.
- Fund programmes for housing and human settlement development; to provide financial and grant management services; to promote investment in housing finance; to mobilise and promote financial probity within housing institutions; and to manage all matters provided for by the Home Loan and Mortgage Disclosure Act (2000).
- Coordinate the Department's mandate within the inter-governmental relations framework, manage international relations and promote good governance practices within the Department and its public entities, as well as providing timely and integrated business information to the Department.

### Significant achievements during the period under review in relation to key strategic objectives stated above:

The year under review necessitated and ushered in, the need to undertake wholesale strategic realignment and/or turnaround. In pursuit of this exercise the department roped in the services of an outside consultant. PricewaterhouseCoopers (PwC) was selected as the best service provider to take the process forward. It was agreed between the service provider and the Department that the scope of work will cover consolidation of the meaning of Human Settlements and translation into the Departmental functional areas.

### The following outcomes are expected of the service provider:

Scenario generation and planning: It is expected of the service provider to facilitate the generation and development of human settlements scenarios for the year 2030, to provide the Department with long-term planning options.

Strategy generation: It is expected of the service provider to facilitate the development of the Departmental strategy in line with macro-Governmental policy. Such strategy would be the basis upon which funding and resource mobilisation would be based. This would assist the Department in leading developments in spatial planning and human settlement.

Organisational design: the organisational design becomes an expression of Departmental strategy. It is expected of the service provider to facilitate the development of the organisational structure based on functions identified to carry the Departmental expanded mandate.

E-communication and IT solutions: It is expected of the service provider to advise/assist the Department in acquiring IT and e-communication solutions towards a paperless organisation.

Intergovernmental relations: Given the Department's legislated function as aptly captured in the Constitution and in the Housing Act of 1996, it is expected of the service provider to facilitate an organisational-design delivery model that would take into consideration the coordinative nature of Human Settlements, including monitoring and evaluation of delivery in the human settlements sector.

The Department also held a Mid-Term Departmental Strategic Planning and Performance Review Session from 25 to 26 October 2010. According to the Government Planning Cycle, Departments at this time review their plans and prepare for the submission of the Medium-Term Expenditure Frameworks (MTEF). The session also informed the preparation of the MTEF budget proposals and outlining of the output estimates and targets for the 2011/2012 financial year.

The Branches submitted three-year strategic plans and one-year operational plans in line with Public Finance Management Act (PFMA) prescripts, which were approved and incorporated in the Departmental three year strategic and operational plans.

During the afore-mentioned session, various components in the Department were asked to revise and adjust their operational plans and performance targets. The revised and adjusted operational plans and performance targets, which are a product of this session, are attached as Annexure A.

The revision and adjustment of operational plans and performance targets were made necessary by the new Departmental mandate, Outcome 8 of Cabinet, and the need to comply with the SMART principles as suggested by the Auditor-General.

#### **Accreditation of municipalities**

Though an ongoing accreditation capacity support programme, all accreditation priority municipalities are assisted to acquire the necessary capacity in order to comply with the policy requirements before functions are delegated or assigned. In this way, municipalities must prove that they have the capacity required to perform the functions. To date, all six metro municipalities have been assessed to determine compliance and capacity to perform the housing functions. These assessments confirmed that metropolitans have the capacity to administer national housing programmes.

Accreditation of municipalities takes into account the capacity of municipalities to deliver infrastructure, housing functions and services. This allows for a differentiated approach in unlocking the current capacity of Government to deliver. While metros and other big cities are prioritised - given existing capacity to implement the function - more efforts will be concentrated in supporting the weak-performing municipalities.

The table below indicates municipalities accredited and the functions delegated based on the level applied for:



Province	Municipality	Delegated Housing Functions
Gauteng	City of Johannesburg, Ekurhuleni, Tshwane	<p><b>L1: Subsidy-budget planning and allocation and priority programme management and administration:</b> This includes housing-subsidy budgetary planning across programmes and projects; planning of subsidy/fund allocations; and project identification. It also includes programme management and administration functions for specific, prioritised programme(s) identified in consultation with the Province.</p> <p><b>L2: Programme management and administration:</b> This includes project evaluation and approval, contract administration, subsidy registration, programme management - including cash-flow projection and management and technical (construction) quality assurance.</p>
Eastern Cape	Nelson Mandela Metro	<p><b>L2: Programme management and administration:</b> This includes project evaluation and approval, contract administration, subsidy registration, programme management - including cash-flow projection, management and technical (construction) quality assurance.</p>
KwaZulu-Natal	eThekweni	<p><b>L2: Programme management and administration:</b> This includes project evaluation and approval, contract administration, subsidy registration, programme management - including cash-flow projection, management and technical (construction) quality assurance.</p>
Western Cape	City of Cape Town	<p><b>L1: Subsidy-budget planning and allocation and priority programme management and administration:</b> This includes housing-subsidy budgetary planning across programmes and projects; planning of subsidy/fund allocations; and project identification. It also includes programme management and administration functions for specific, prioritised programme(s) identified in consultation with the Province.</p> <p><b>L2: Programme management and administration:</b> This includes project evaluation and approval, contract administration, subsidy registration, programme management - including cash-flow projection, management and technical (co-struction) quality assurance.</p>
Northern Cape	Frances Baard Pixley Ka Seme	<p><b>L1: Subsidy-budget planning and allocation and priority programme management and administration:</b> This includes housing-subsidy budgetary planning across programmes and projects; planning of subsidy/fund allocations, and project identification. It also includes programme management and administration functions for specific, prioritised programme(s) identified in consultation with the Province.</p> <p><b>L2: Programme management and administration:</b> This includes project evaluation and approval, contract administration, subsidy registration, programme management - including cash-flow projection, management and technical (construction) quality assurance.</p>

Nelson Mandela and eThekweni Municipalities were granted Level 1 accreditation in 2008 and 2009 respectively, hence the certification reflect Level 2 delegations.

### **Funding reform**

The complex arrangement of institutional powers and functions requires the funding streams between the different spheres of Government to be properly coordinated. Better alignment between the Housing Subsidy Grant, the Municipal Infrastructure Grant and other critical funding streams may remove some of the main obstacles to the achievement of integrated planning for sustainable human settlements.

Recently the Department introduced a special metropolitan funding framework for human settlements development known as the Urban Settlements Development Grant (USDG). The establishment of the USDG compels greater, better and improved human settlements development planning between national, provincial and local spheres of government. On the basis of the issued compliance certificates the MEC delegates the housing functions to the municipalities in respect to level(s) of accreditation applied for, by signing off the compliance certificate as the accrediting authority.

For municipalities to play a greater role in the development of sustainable human settlements, the planning of the housing function needs to be carried out at municipal level. This will allow for better and more localised needs analysis, improved land identification, zoning and procurement, the introduction of integrated and inclusionary residential development, planning and delivery of public facilities, private investment, and the supply of bulk infrastructure and internal services. This will also lead to greater accountability at local level and broaden opportunities for cross-subsidisation and creative funding.

Accreditation of metropolitan municipalities in particular, as they have been undertaking some of the housing functions on behalf of their provincial departments, without the necessary funding associated with the functions, would offer the possibility to unlock the potential of government to increase pace and efficiency of backlog eradication.

During the 2010/2011 financial year, Provincial Human Settlements Departments were able to deliver a total number of 43 260 serviced sites in terms of the Upgrading of Informal Settlements Programme. In addition, 45 256 households were provided with formal top structures. This was possible because Provincial Departments were already prioritising the Upgrading of Informal Settlement Programme (UISP) and had suitable projects ready for implementation. Projects developed in terms of other approved Human Settlements Programmes also assist households currently residing in informal settlements and therefore contribute towards the realisation of Outcome 8 targets. Provincial Human Settlements have aligned their business plans for the 2011/2012 financial year with the principals of Outcome 8 and have put together a list of specific projects for the purposes of Outcome 8.

Nearly 81 percent of the targeted 49 municipalities were briefed on the National Upgrading Support Programme (NUSP), which was instituted to provide municipalities with technical support with regard to the UISP. The briefing of the outstanding municipalities is being delayed in view of the challenges experienced to confirm suitable dates with them. In view of the NUSP budget to be utilised for technical support (R85 million), which would only be available in the 2012/2013 financial year, the Department is currently investigating the possibility of utilising savings on its operational budget for the approximate amount of R19 million needed in the current financial year. Engagements with the HDA have also been initiated to assist with the implementation of the Capacity Programme, which is anticipated to be ready by the end of June 2011. The IT platforms are functional and operational at: <http://www.upgradingsupport.org>.

As far as the provision of affordable rental housing is concerned, good progress has been made with the provision of rental housing through the Social Housing Programme, the Institutional Subsidy Programme and the Community Residential Unit Programme; more than 85 percent, 96 percent and 174 percent of the respective targets have been reached. The budget allocation for SHRA has been increased to R1.1 billion over a three-year period which will enable SHRA to provide 9 160 units.

Regarding the accreditation of municipalities and metros, six metropolitan municipalities and two district municipalities in the Northern Cape received their Level 2 accreditation certificates on March 4, 2011.

As far as the provision of basic services is concerned, progress has been made to provide additional households with access to basic services. The Task Team on Basic Services has been established and will focus on the reconciliation of the different figures regarding the access to basic services in order to determine the actual need for an acceptable level of services. The finalisation of a list of specific projects will assist to accelerate delivery in this regard.

The HDA continues to identify well-located and suitable additional State-owned land to be prioritised for release for human settlements purposes. The Joint Coordinating Technical Committee on the Release of State Land is an operation to ensure continued performance. The release of Properties held by SOEs is subject to compensation. The model of compensation is currently being investigated.

Regarding the increase of urban densities, various housing policies such as the Social Housing Policy, the Project-linked Policy and the Integrated Residential Development Programme (IRDP) cater for the development of higher-density residential development, such as new multi-storey development, conversion of existing buildings in residential units or refurbishment thereof in decent rental accommodation. Municipalities can also build it into the design, for example row houses, semi-detached and multi-storey units.

Regarding the Land Use Management Framework, the Land Use Management Bill (2008) was never passed into law as a result of a number of challenges such as the dispute between provincial and local government regarding the authority to approve rezoning of land and township establishment. The Constitutional Court ruled in 2008 that approval of applications for rezoning and township establishment are elements of "municipal planning".

In order to provide a uniform, effective, efficient and integrated regulatory framework for spatial planning and land-use management which promotes public interest and provides directive principle, and compulsory norms and standards, the Department of Rural Development and Land Reform submitted the "Spatial Planning and Land Use Management Bill" (2011) to Cabinet - requesting approval for consultation purposes. Once approval has been obtained a comprehensive consultation process will be initiated.

As far as the Mortgage Insurance Guarantee Scheme is concerned, approvals from the NHFC Board and their shareholders have been attained. Meetings with key stakeholders were initiated, and first round of consultative/advisory forums is completed. All commercial banks have confirmed their interest in supporting the project implementation. The revision of the Finance Linked Individual Subsidy Programme (FLISP) policy has been completed and the NHFC, in collaboration with the National Department, will soon start with the consultation process. During the period under review, the RHLF has performed well in providing incremental loans and succeeded in realising more than 75 percent of the annual target.

#### **Key areas where action is needed**

With reference to the upgrading of informal settlements, the National Department is in the process of developing a categorisation system for informal settlements in collaboration with the HDA to, amongst other, determine the suitability of locations of informal settlements, to identify areas with the greatest need. This will also facilitate clearer planning and service provision. Interaction with Cooperative Governance and Traditional Affairs (CoGTA) is also planned in order to combine efforts from both Departments in this regard in order to finalise this process as soon as possible.

In terms of the NUSP Programme, discussions with provinces will be held in the first quarter of the 2011/2012 financial year regarding the establishment of provincial NUSP structures. The National Department is also exploring the possibility of securing donation funding for the NUSP Programme to accelerate implementation.

With regard to the provision of well located rental, the mandate of SHRA does not make provision for the entity to be involved in the provision of institutional subsidy, community residential or private rental housing. It is therefore necessary for the National Department to initiate a process to review the mandates and roles of the various entities, including that of SHRA. When this is completed, a capacity programme will be implemented to capacitate SHRA to fulfil its new mandate. SHRA has entered into informal engagements with the NHFC to put a process of negotiation with other stakeholders in place, to secure additional funding and ensure provision of private rental.

A formal decision in this regard will have to be taken by the relevant Boards. Access to well-located land is still a challenge and discussions with the HDA to assist in this regard have been initiated. The National Department of Human Settlements in collaboration with the Department of Performance Monitoring and Evaluation also identified the need for monitoring and verification capacity to confirm delivery reported.

There is currently no agreement on the definitions to measure the access to basic services and different percentages in terms of progress are reported from various role players. It is crucial that this be addressed urgently to obtain a reliable baseline from which the targets can be derived. In addition it is necessary to put a verification process in place to confirm whether progress reported is successfully implemented. The National Department of Human Settlements will engage with the Department of Performance Monitoring and Evaluation in this regard.

The Departments of Public Works and Rural Development & Land Reform are fast-tracking the release of identified State land to the HDA. The HDA has also begun a process of engagement with Provincial Human Settlements Departments to provide capacity to assist with prioritising the development of provincial-held land. A joint initiative between the DPE, HDA and Transnet is underway to package a proposal for the disposal of Transnet's non-core property assets for human settlements.

Various other studies have been conducted by institutions such as the Monetary Policy Committee (MPC), the Financial Sector Charter (FSC) and the National Department of Human Settlements (Economic Impact of Housing Subsidy Programme - research regarding the (DFI); revision of the *The Guidelines for Human Settlement Planning and Design - CSIR*, also known as the *Red Book*; former proposal on medium density; etc), which address aspects of higher density. The Department of Human Settlements is in the process of coordinating and consolidating this in a policy document that will address the dynamics of the changed built-environment and provide direction. The first draft of the policy document is already available with proposals on how to address medium and higher densification within a national and citywide context. The relevant proposals have been submitted to a Human Settlements Minister and MECs meeting (MinMEC) early in May 2011.

In terms of basic services, coordination with sector departments will take place in a re-constituted Sustainable Human Settlements and Basic Services Task Team (SHSBTT), to agree on uniform norms and standards. This is crucial for determining reliable baselines and targets. In addition a verification process will be put in place by the Department of Human Settlements with the assistance of the Department of Performance Monitoring and Evaluation.

Regarding the Mortgage Insurance Guarantee Scheme, further engagement with National Treasury was planned during April 2011. Application for FSB approval and South African Reserve Bank (SARB) recognition will receive attention in the next few months. In addition, the National Department of Human Settlements has earmarked an amount of R350 million in the MTEF period to re-capitalise NURCHA. The resultant effect will provide substantial impetus in achieving this output.

A process of engagement with public, private, social, community and labour stakeholders are also still to be arranged. It must be framed in such a way that it will respond to Output 1 and 4 of Outcome 8, the post-

FSC discussions led by National Treasury, the performances as mentioned in the Home Loan and Mortgage Disclosure Act (HLMDA), the recommendations of the review of the Housing Finance Entities and to ensure that relevant housing finance opportunities are collated and factored in to the achievement of this output.

There should also be a clearer framework for reporting by the various stakeholders related to this target. DHS and NHFC have initiated compliance processes to obtain approval from National Treasury. The financial implications for these processes to be put in place are a big concern and in depth discussions will have to take place with the responsible institutions in order to find a suitable solution. More information in tabular form on the achievements of objectives as outlined in Outcome 8 appear in Section 5(5.3) of this Performance Report.

#### **2.1.5 Overview of the service delivery environment during 2010/2011**

Notwithstanding the national achievements in redressing poverty, inequality and underdevelopment and the contribution of the National Department of Human Settlements (NDHS) towards these national objectives, a substantial effort is still required to ensure that the potential contribution which can be made by human settlement developments is harnessed and aligned towards the achievement of the broader national development objectives.

Following the establishment of the NDHS five key strategic levers were identified as requiring attention:

1. Alignment
2. Funding models for human settlement development
3. Capacity
4. Resource mobilisation
5. Legislative and policy reform.

Over the past year work has been undertaken on the strategic levers identified above, and work will continue in the Department.

Within the strategic lever on funding models, progress has been made with the consolidation of the Municipal Infrastructure Grant Cities (MIG Cities) in the Department, under the Urban Settlements Development Grant (USDG) and a portion of the Integrated Human Settlements Development Grant. This breakthrough arrangement is the beginning of the process to consolidate all grants required for the mandate of the Department. This development also puts South Africa in the forefront of progressive human settlements and built-environment; it is envisaged that over the next two years integrated transport and energy allocations will also be consolidated into the Department.

Progress has also been made with promoting intergovernmental and stakeholder alignment within the human settlements sector.

A key development impacting on the human settlements development sector is the conclusion of a performance agreement between the Minister of Human Settlements and the State President under Outcome 8. In addition there was the concomitant conclusion of delivery agreements between the Minister of Human Settlements and Provincial Members of Executive Councils responsible for human settlements. The key outcome in the conclusion of these agreements is to ensure that the stated outcome of "Sustainable Human Settlements and Improved Quality of Household Life" is achieved.

The adoption of the outcome-based approach in Government thus enjoins the Department and sector to ensure that current outcomes and outputs are improved and related activities are made more efficient and effective. The approach also makes it incumbent on the Department to improve intergovernmental relations to ensure that the stated outcomes required of the department, are achieved.



One of the key matters affecting the performance of the Department and achievement by the Department of its outcomes is fraud, corruption and maladministration. The Department has concluded an agreement with the Special Investigating Unit (SIU) to investigate matters related to fraud, corruption and maladministration. A National Audit Task Team has been set up to oversee not only the work of the SIU, but manage, monitor and evaluate proactive measures and steps taken by the Department to eradicate fraud, corruption and maladministration. The Department through its Chief Audit Executive will actively oversee the measures as proposed by the SIU and the Auditor-General to improve performance through the removal of all fraud, corruption and maladministration.

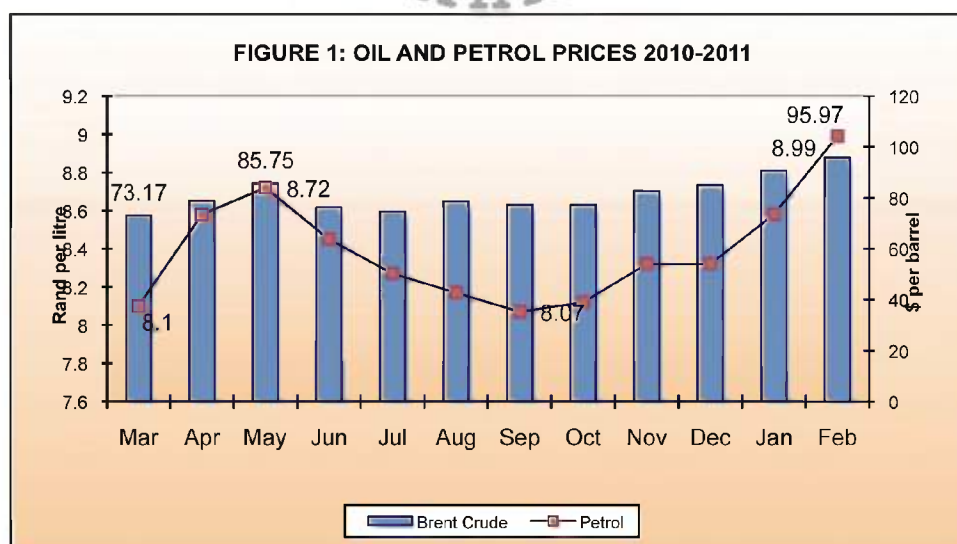
### Global Economic Developments and their Impact on South Africa.

After the recession, the global economy is recovering. The biggest economy in the world United States of America (valued at US\$14.5 trillion) will rise between 3.4 percent and 3.9 percent in 2011, up from its November estimate of an increase of between 3.0 percent and 3.6 percent. Other big economies are set to be recovering well. China is estimated to have grown by 10.3 percent in 2010 while Japan and Germany is estimated to have grown by 3 percent, amongst others, according to the World Bank's Migration and Remittances *Fact Book 2010*.

The Rand exchange rate continued to be strong against major currencies since March 2010 to January 2011. Although this presents a challenge to demand for our exports, it played a positive role in cushioning the country against imported inflation. The turmoil in oil-producing countries like Libya is posing a greater risk of high oil prices and ultimately imported inflation. In March 2011 the oil price reached a high of \$116 a barrel.

### Oil and petrol prices

The monthly average trend of the oil price has continued to increase in the past twelve months, thereby impacting negatively on fuel prices in the country (see *Figure 1* below). For the period January 2010 to February 2011, oil prices on a monthly average had increased from US\$74.31 a barrel to US\$95.97 a barrel. As a result, petrol prices increased from R7.86 a litre to R8.99 a litre in the same period (Department of Minerals and Energy, 2011). The direct result of these energy price hikes is a continuing negative impact on transportation costs and general inflation including costs of building houses. The results of petrol prices from June 2010 to January in 2011 also show that the Rand exchange rate had more positive impact in cushioning the country against imported inflation.



Source: Department of Minerals and Energy, March 2011

### **Inflation movements**

The long-term trend in inflation continued to decline from 6.2 percent in January 2010 to 3.2 percent in September 2010 and slightly increased to 3.7 percent in January 2011 (Statistics South Africa, 2011). The Bureau for Economic Research (BER) predicted that overall consumer price inflation (CPI) would reach 4.7 percent in 2011 and 5.7 percent in 2012 (BER, 2011). If these predictions are correct, they indicate that for these two years, interest rates may remain unchanged, which would allow cost of credit to remain subdued.

The producer price inflation (PPI) had started to trend downwards since June 2010, as illustrated by a gradual decrease from 9.4 percent year-on-year in June 2010, to 5.5 percent in January 2011 (Statistics South Africa, 2011). This poses a possibility of keeping consumer inflation down. However, the concern of high-energy costs (high oil and petrol prices) reflects the lurking threat of higher inflation.

### **Building cost**

The cost of building houses according to the Bureau for Economic Research (BER) continued to decline in 2010. Tender prices as measured by the BER reflects that the Building Cost Index declined by 6.3 percent year-on-year in the fourth quarter of 2010. The average decline for the year was subdued to -1.2 percent. The contributing factor to this decline in building cost is persistent, intensive competition in tendering which has forced building contractors to trim their profit margins severely during recent quarters. The tender prices are reported to be lower than two years ago. The fact that building costs were declining over the past two years, allowed the subsidy to remain unchanged. Despite the overall decline, the average production prices of building materials increased by 17.1 percent in the year to January 2009 and 2.3 percent in the year to October 2010 (BER, 2011). This means that these price increases were absorbed by the declining profit margins of contractors. In circumventing the decline of the profit margins contractors tend to use poor quality material which impacts negatively on the quality of Government-subsidised houses.

According to ABSA's *Housing Review* (2011) the building cost of a new house was up by a nominal 8.3 percent year-on-year in the fourth quarter of 2010 which was significantly above the average headline consumer price inflation rate of 3.5 percent in the same quarter. This was significantly more than a 5.6 percent building cost increase recorded in the third quarter of the same year. The report further indicated that the average price of an existing house was down by a nominal 0.7 percent to in the fourth quarter of 2010, which came to a real decline of 4 percent in the quarter. As a result, it was 33.8 percent cheaper to have bought an existing house than to built a new one in the same period (ABSA, 2011).

The quotation of building material requested from Builders Warehouse - for building 40m<sup>2</sup> - in the third quarter last year revealed that 84 percent of the subsidy allocated for top structure only covers building material costs. It is important that the adjustment of the subsidy quantum is in line with the cost reality so that it does not alienate contractors even further, causing their exodus in the subsidy market. International experience suggests that in countries where construction prices are fixed, developers tend to avoid those projects. It is imperative that, when the subsidy quantum is adjusted for the new financial year, a thorough investigation of building costs should be done for accurate adjustment.

The differences in the building material cost in different provinces also add to the challenges.

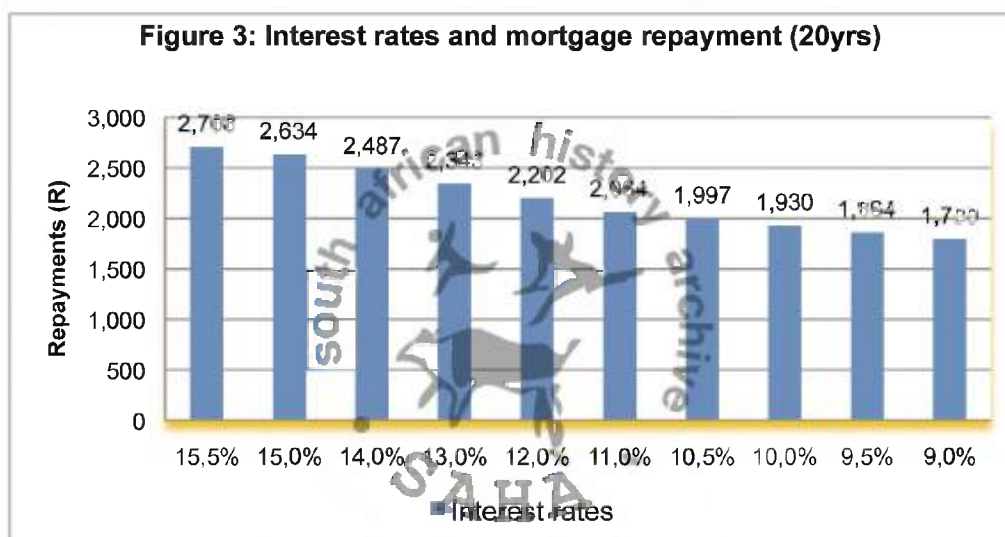
### **Cement prices**

Cement is the major building product in the building industry, in particular the building of Government-subsidised housing. Therefore, developments in the cement price arena in particular will impact significantly on the delivery of Government-subsidised housing, as higher material costs adds to the total building cost of a house. In February 2011 a telephonic interview conducted with different hardware businesses to determine the cost of their 50kg bag of cement, revealed an increase ranging from 6.8 to 13 percent since the last interview in August 2010 (Department of Human Settlements, 2011).

Information from Builders Warehouse (BWH) and Cashbuild around the country showed that cement prices on average in both cheap and expensive cement differed from province to province. Eastern Cape was the most expensive, followed by Free State and Limpopo. The average price of cheap bags of cement in Eastern Cape was R75.98 compared to R64.72 in KZN - a difference of 17.4 percent. Gauteng's cheap bag of cement cost 14 percent less compared to the price in Eastern Cape (Builders Warehouse and Cashbuild, 2011).

### Inflation movements and interest rates

During the fourth quarter of 2010, the South African Reserve Bank (SARB) reduced the repurchase rate by 50 basis points to 5.5 percent (SARB, 2011). This reflects a cumulative 650 basis points interest-rate cut since December 2008. The prime interest rate asked by commercial banks also declined to 9.0 percent, which is expected to alleviate pressure on disposable income of those who have mortgages and other forms of credit exposure. Based on the latest cut in interest rates, mortgage repayments will now be about 34 percent lower, compared to July 2008, when the mortgage rate was at a level of 15.5 percent. The graph below depicts changes in mortgage repayment as interest rates changes for a house valued at R200 000.



Source: SA Reserve Bank; and Department of Human Settlements 2011.

### Credit Defaults

The Credit Bureau Monitor (National Credit Regulator - NCR) of September 2010 reported that the level of debt stress was easing in the third quarter of 2010, compared to the second quarter of 2010. Of the 18.35 million credit-active consumers, 53.7 percent (10.51million) were classified as "in good standing" compared to 53.1 percent recorded for the second quarter of 2010. The number of consumers with impaired records decreased slightly to 46.3 percent in the third quarter, from 46.9 percent in the second quarter of 2010 (NCR, March 2011).

Accounts with the status of "three months in arrears" declined to 17.0 percent from 17.3 percent, followed by adverse listing down to 15.4 percent from 15.6 percent; and judgments and administration orders remained unchanged at 13.9 percent (NCR, March 2011).

With the Credit Regulation Act it has become more difficult to access loans. The new approach by Government to offer cheap loans (at 3 percent below prime) through the Industrial Development Corporation - in



a bid to stimulate economic growth and help create jobs - is expected to go a long way in improving credit provision and its impact on driving economic development, along with job creation.

#### **Economic growth and unemployment**

Statistics South Africa (Stats SA) reported that the SA economy grew at a slightly faster than expected in the final quarter of 2010. Overall GDP increased by 4.4 percent quarter-to-quarter, compared to 2.7 percent growth recorded during the third quarter of 2010 (Stats SA, 2011). However, this rate of growth is still limited to impact significantly on job creation. Despite some improvement in the levels of employment in 2010, the rate of unemployment is still high at 24 percent, which compels Government to continue to provide some form of assistance, including housing assistance.

#### **Developments in the property market in South Africa**

The property market is showing some signs of recovery. The market in the middle-income segment is picking up faster than other segments as affordability improves, due to favourable interest rates. The level of increase in the house-price growth was 2.6 percent in the affordable market, 6.8 percent in middle segment and 1.3 percent in the luxury-house segment - in nominal terms this suggests that the level of demand is not far removed from that of supply; an indication that people are still sceptical to buy expensive properties, despite low interest rates.

#### **Overview of the affordable housing market**

##### **Volume of stock**

The property market analyst Lightstone indicated that the affordable-housing market currently represent 3.5 million properties with a collective value of R850 billion. Of these, 2.3 million properties stand at a lower level in the affordable segment (properties valued below R250 000) and 1.2 million properties stand at a higher level in the segment (properties valued at between R250 000 and R450 000). However, the report indicates that there is still a shortfall in the number of properties required to meet the demand. Lightstone estimates a shortfall of between 5 million and 6 million properties valued under R100 000; and a shortfall of 1 million properties valued in the range R100 000 to R200 000. The report furthermore indicates that the property market is very concentrated in key nodes, as more than half the housing stock is in Gauteng, Western Cape and KwaZulu-Natal (Lightstone, 2011).

##### **Contribution of Government-subsidy housing in the property market**

The subsidy-housing market constitutes a significant portion of the overall affordable segment, with Government-subsidised houses accounting for 1.2 million properties in the deeds registry; and 780 000 which derives from the 99-year-lease conversions of the previous Government dispensation. The total market is valued at R410 billion with Government-subsidised housing taking up 65 percent (R266.5 billion) of the total value (Lightstone, 2011). This means that 86 percent of the stock in the lower level of the affordable market segment stems from Government stock. Considering that Government-subsidised houses account for 1.2 million properties registered in the deeds office, against the overall delivery of more than 3 million housing opportunities (completed houses and stands), this means that Government's contribution to the affordable market is underestimated. This calls for an improvement of the rate of transfer of properties to beneficiaries.

According to the report by Lightstone (2011), Government-subsidised properties are well recognised by lending institutions, as 17 percent of Government-subsidised properties are bonded, while only 9 percent of 99-year-lease conversions are currently bonded. The total value of outstanding bonds in the Government-subsidised housing market is just over R50 billion - according to Lightstone. The average transfer price for Government-subsidised housing is R130 000 while for 99-year-lease conversions it is R150 000. There seems to be a significant opportunity to increase lending in this market.

### **2.1.6 Overview of the organisational environment during 2010/2011**

During the period under review, the Department has embarked on a process of strategic alignment, in line with the human settlements emphasis shift. The strategic alignment will give rise to the 2030 Vision, a long-term plan to deliver human settlements. The process will inform the configuration of the Department structurally in view of the fact that the Department has a regional footprint in the delivery of sanitation service. This process is underway and will be concluded in the near future.

The process necessitated a moratorium on the filling of vacancies; only critical posts were identified and filled. The process will inform whether the Department will embark on a realignment or a restructuring process. However, capacity was augmented with short-term contract appointments, as well as the appointment of personnel from the then housing institutions, Thubelisha and Servcon.

The Chief Financial Officer of the Department was transferred to another Department in May 2011. This led to the appointment of an official in an acting capacity to close the gap and ensure financial accountability. The process of filling the position is at an advanced stage.

### **2.1.7 Key policy developments and legislative changes**

In continuing to support Government's constitutional obligation to provide access to adequate housing, the development of sustainable communities remains the strategic anchor of the National Department of Human Settlements. In addition to improving spatial integration and social cohesion, housing provides low-income households with a key component of a sustainable livelihood.

At the service delivery level, the implementation of the comprehensive plan for sustainable human settlements requires provincial human settlement departments, municipalities and human settlement institutions to redefine and strengthen their service delivery models. The Department has realigned its organisation and budget structure, creating the Strategic Relations and Governance programme and strengthening the Housing Planning and Delivery Support Programme, to provide support for the development and implementation of these service delivery models.

Key challenges faced by the housing sector are inadequate intergovernmental coordination for accelerated housing delivery, specifically in relation to the ability of provinces and municipalities to deliver national objectives, and the lack of capacity to monitor and evaluate the implementation of housing programmes.

Another main challenge is creating a functioning housing market that allows low-income households to capitalise on the equity provided by the free house, while minimising the distortions housing subsidies create for households in other segments of the housing market.

#### **Key policy developments**

The Housing Development Agency Act (2008) and the Social Housing Act (2008) provide for the establishment of two new public entities, the Housing Development Agency (HDA) and the Social Housing Regulatory Authority (SHRA). The HDA aims to assist provinces and municipalities with land acquisition, project management and development, while the SHRA will regulate social housing institutions that receive funds from Government for the construction of low-income and medium-income rental housing.

The Ministerial National Norms and Standards were adjusted to provide for the installation of larger windows for the subsidy-financed houses.

Over the MTEF period, the Department of Human Settlements seeks to provide policy implementation guidance. This will include direct implementation support to provinces and municipalities, intervening in turnaround projects where there are blockages, and facilitating cooperation with the private sector. Refining

the role of municipalities in the housing delivery chain, as well as the mechanisms that will allow for the rollout of accreditation as provided for in the Housing Act (1997) are critical to accelerating delivery. The Department continues to provide assistance to provinces and municipalities in their planning of priority housing projects.

The Department developed and launched a number of instruments to guide the implementation of the Comprehensive Plan for Sustainable Human Settlements in all three spheres of government. These include monitoring, evaluation, impact assessment policy, implementation guidelines and the operating system for the policy and guidelines. The Department has also initiated a project-monitoring process to measure the performance of provincial human settlements departments against targets set in their business plans to identify constraints and assist with addressing them swiftly.

As a way forward there are some challenges that would need to be resolved, making way for new negotiations and engagements with the partners. However, these need to be considered with an understanding of the current social, economic and political context. In crafting the pointers for success and the approaches to achieve the targets it is important to consider the current context within which the Human Settlement Ministry needs to respond.

Some of the challenges are: Planning - inadequate planning, lack of coordination and integration of different government functions. Social cohesion and social capital - to a large extent housing delivery still negates the role of civil society and the citizens themselves, therefore undermining social capital and building dependency on the State while burdening the State and compromising its delivery capacity. Finance - despite the increase in the housing budget vote, the fiscus is not enough to effectively provide adequate shelter for the increasing number of households who are living in inadequate housing, given the new focus on delivering functioning human settlements that offer livelihood opportunities and building social cohesion.

By attending to the policy gaps outlined, it is hoped that the collective capacities of our economy can be brought together, from individuals, the private sector and the State, to resolve the enormous housing challenges that affect us all, so that all households realise their constitutional right of access to adequate housing on a progressive basis.

The strategic framework for developing sustainable human settlements aims to ensure responsiveness to the objectives of Government's medium-term strategic framework to expand social and economic infrastructure and build cohesive, caring and sustainable communities. The five-year framework (2009-2014) was developed in July 2009 to provide policy coordination, ensure accountability and improve planning across sector departments and the three spheres of government. Significant progress has been made in ensuring the alignment of norms and standards across sectors to improve intergovernmental coordination.

The Department also leads the Human Settlements and Basic Services Task Team in support of the Department's expanded mandate; through consultation and interaction with provincial departments sets priorities and monitors performance on the delivery of human settlements.

#### **Legislative changes**

The Department tabled the following pieces of legislation before Parliament:

##### ■ **Sectional Titles Schemes Management Bill**

The Sectional Titles Schemes Management Bill was tabled before Parliament for deliberation and passing. The primary aim of the Bill is to provide for the establishment of bodies corporate to manage and control sections and common property in sectional titles and the determination of applicable rules. In addition, the Bills intends to establish a Sectional Titles Advisory Council to advise

the Minister on sectional titles schemes management matters. The Bill was passed and voted upon by the National Assembly. Thereafter, as the Bill is a Section 76 Bill, it was tabled in the National Council of Provinces for deliberation and passing.

■ **Community Schemes Ombud Service Bill**

The Community Schemes Ombud Service Bill was tabled before Parliament for deliberation and passing. The Community Schemes Ombud Service Bill aims to establish a national public entity with executive authority vested with the Minister of Human Settlements to resolve disputes arising within community schemes, to render consumer education on community schemes and to take custody of community schemes governance documentation. The Department has realised that there is an ever-increasing proportion of housing within which the community is involved, in the form of shared financial responsibility and shared facilities in terms of land and property within South Africa where disputes often arise. The Community Schemes Ombud Service is tasked with the responsibility to resolve disputes within these community schemes. The Bill was passed and voted upon by the National Assembly. Since the Bill is a Section 76 Bill, it was thereafter referred to the National Council of Provinces for deliberation and passing.

■ **Rental Housing Amendment Bill**

The Rental Housing Amendment Bill was tabled before Cabinet for public comment. Thereafter, Information Sessions were co-ordinated in all nine (9) provinces for purposes of consultation. Having incorporated all relevant comments received, the Bill will be tabled before Cabinet for approval to introduce the Bill in Parliament during the 2011/2012 financial year.

**The outcomes approach**

Despite the delivery of 2.8 million housing opportunities between 1994 and 2009/2010, the housing subsidy programme has continued to entrench segregated spatial patterns, marginalising the poor from economic opportunity. As a result, the security of a house, as a wealth-creating asset has not alleviated poverty in poor households and communities.

The human settlements outcome in Government's programme of action is Outcome 8: sustainable human settlements and improved quality of household life. Aimed at accelerating the delivery of basic services and housing opportunities and improving the property market, the Department of Human Settlements, together with provinces and municipalities intend to:

- Upgrade 400 000 units of accommodation in informal settlements.
- Facilitate 80 000 affordable social and rental housing units of accommodation in well located areas.
- Facilitate improved housing finance opportunities for 600 000 lenders in the affordable housing market.
- Release 6 250 hectares of public owned land for housing development.

Through effective land utilisation, choice of tenure and mixed income developments, the Department of Human Settlements anticipates improved outcomes from the housing subsidy programme.

**Informal settlement upgrading**

Given the trends in migration and urbanisation, the role of metropolitan municipalities in the upgrading of informal settlements will be strengthened over the 2011 MTEF period. The creation of the new Urban Settlements Development Grant to cities will allow for the eight (8) metropolitan municipalities to improve efficiency in maximising developmental outcomes and a coordinated approach to built-environment management. With greater flexibility to accelerate service delivery, the Grant seeks to supplement the capital budgets of large cities to ensure integrated national, provincial and municipal planning to support the creation of sustainable human settlements and improve the quality of household life.

To provide support and assistance in implementing the upgrading of informal settlements, a national upgrading support programme was established in 2009. In addition to assessing and refining the existing policy framework, the support programme will also include the preparation of manuals for implementation within the project environment and designing a national capacity building programme by providing technical support to municipalities.

The Department plans to commence with the development of a new Green Paper for Human Settlement Development.

The Department also plans to enhance the National Housing Programmes as well as the national Ministerial Norms and Standards in respect of Permanent Residential Structures. In regard to policy enhancements it is planned to introduce a new project-based development programme to cater for the special housing development circumstances found in informal settlements, where integrated development objectives are not necessarily achievable and/or to cater for the needs of smaller rural development projects where integrated development is not applicable.

In regard to integrated development needs, it is planned to change the current Integrated Residential Development Programme to enable the provision of A-grade municipal engineering services (high standard of services for roads, sanitation and streets) through the Programme to ensure the new townships attract people across all income segments, resulting in naturally integrated areas.

The adjustment of the Ministerial National Norms and Standards in respect of Permanent Residential Structures to cater for improved thermal performance of the dwellings and thus more energy-efficient housing is also planned.

Any policy initiatives that are being planned will be done in conjunction with the overall Government policy framework and guidelines. The upgrading of informal settlements was prioritised in 2004 in the Comprehensive Plan for the Development of Human Settlements. As part of Outcome 8, the priority given to informal settlement upgrading, and in particular the provision of secure tenure and access to basic services to 400 000 households in well-located settlements, was once again confirmed. The support function provided by the Department in relation to the unblocking of stalled housing projects derives its mandate from decisions of MinMEC and approval of the Departmental Structure during an intense Departmental restructuring exercise.

The National Planning Commission has initiated a programme plan which will culminate in November of 2011, in the launching of the National Planning Vision Statement and Plan. The Department has an important role to play in the programme and in all the Commission themes, which include human conditions, material conditions, institutions and governance, nation building and the economy. A key policy requirement of the Department will be to ensure that the human settlements policy perspective finds expression in the national planning vision statement and plan to be launched.

## **2.1.8 Departmental revenue, expenditure and other specific topics**

### **2.1.8.1 Collection of Departmental revenue**

The Departmental receipts were projected to amount to R1 184 000 in 2010/2011. Departmental receipts are mainly derived from the recovery of old debts from previous financial years and commission on insurance.



	2007/08 Actual (R'000)	2008/09 Actual (R'000)	2009/10 Actual (R'000)	2010/11		Devia- tion from target (%)
				Target (R'000)	Actual (R'000)	
Tax revenue	-	-	-	-	-	
<b>Non-tax revenue</b>	<b>265</b>	<b>320</b>	<b>135</b>	<b>203</b>	<b>146</b>	<b>72</b>
Sale of goods and services produced by the Department	222	74	90	154	123	80
Interest, dividends and rent on land	43	246	45	49	23	47
Sale of capital assets (capital revenue)	128	-	-	-	-	0
Financial transactions (recovery of loans and advances)	282	2 072	612	981	2 680	273
<b>Total Departmental Receipts</b>	<b>675</b>	<b>2 392</b>	<b>749</b>	<b>1 184</b>	<b>2 826</b>	<b>239</b>

### 2.1.9 Departmental expenditure

Departmental expenditure is set out in the table below.

Programme	Voted for 2010/11 (R'000)	Roll- overs and adjust- ments (R'000)	Virements (R'000)	Total voted (R'000)	Actual expendi- ture (R'000)	Vari- ance (R'000)
1. Administration	176 175	35 822	9 191	221 188	188 577	32 611
2. Housing policy, research and monitoring	45 907	1 779	-3 815	43 871	32 636	11 235
3. Housing planning and delivery support	206 831	18 390	-18 025	207 196	156 375	48 821
4. Housing development finance	15 598 126	51 069	25 200	15 674 395	15 624 981	49 414
5. Strategic relations and governance	174 442	-16 782	-12 551	145 109	87 384	57 725
<b>Total</b>	<b>16 201 481</b>	<b>90 278</b>	<b>-</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>

#### Programme 1: Administration

Programme 1 was initially allocated R176.1 million for the 2010/2011 financial year and was adjusted in the adjustment estimate with roll-overs as follows:

- R1.9 million for the renewal of Microsoft licenses which was delayed due to outstanding documents from SITA;
- R5.2 million for the purchasing of the server which was delayed as it had to be imported; and
- R5 million was also rolled over from Dept of Publics Works for office accommodation.

Additional funding of R1.4 million was also provided in the adjustment estimate process for salary increases. A virement from programmes 2,3,4 and 5 totalling R22.9 million for the Special Investigation Unit (SIU) was

made to fund the expanded mandate. A virement of R249 000 was made to Programme 5: Strategic Relations and Governance for the development of a turnaround strategy for the Department; and a virement of R13.4 million to Programme 4, Housing Development Funding, for SERVCON to fund part of its closure costs.

The total budget of Programme 1 amounted to R221.1 million. The variance of R32.6 million can be attributed to efficiency savings. The low spending in this programme is mainly on goods and services. The main cost driver under the item goods and services is travelling and subsistence and the payments to the SIU. Another factor that contributed to the underspending is the delay in securing an additional building, which resulted in the funds provided for leasing, refurbishment of offices, the moving of staff and the acquiring of furniture not being utilised. The non-availability of additional office space resulted in the non-filling of vacancies; and costs associated with posts could also not be incurred.

#### **Programme 2: Housing Policy, Research and Monitoring**

The programme was initially allocated R45.9 million for the 2010/2011 financial year and was adjusted in the adjustment estimate with a roll-over of R1.2 million for outstanding payments on tender VA 49/339: Impact Evaluation Study of the Upgrading of Informal Settlements Programme. Additional funding of R1.4 million was also provided in the adjustment estimate process for salary increases.

A R3.5 million virement was made to Programme 1: Administration for the Special Investigation Unit to fund the expanded mandate; a virement of R315 000 to Programme 4, Housing Development Funding, for SERVCON to pay its tax liability was made.

The variance of R11.2 million can be attributed to the cost-saving measures reducing travel and subsistence and other administration costs. Underspending in the programme can also be attributed to personnel and personnel-related costs owing to vacancies experienced throughout the year, as a result of staff turnover. Total spending on Programme 2 amounted to R32.6 million.

#### **Programme 3: Housing Planning and Delivery Support**

The programme's allocation of R206.8 million for the 2010/2011 financial year was adjusted in the adjustment estimate with a roll-over of R26.5 million to accommodate the sanitation function which was shifted from the Department of Water Affairs. Additional funding of R1.4 million was also provided in the adjustment estimate process for salary increases.

A R6 million virement was made to Programme 1: Administration for the Special Investigation Unit to fund the expanded mandate; a virement of R2.2 million was made to Programme 5: Strategic Relations and Governance for the development of a turnaround strategy for the Department; and a virement of R9.8 million to Programme 4, Housing Development Funding, for SERVCON to fund part of its tax liability.

The total budget of Programme 3 amounted to R207.1 million. The programme spent a total of R158.4 million. The R48.8 million underspending in the Programme was the result of delays in the implementation of the Accelerated Community Infrastructure Programme (ACIP). The implementation in certain municipalities was delayed. Due to compliance issues and procurement processes projects were delayed. Another contributing factor is that the programme expenditure was also affected by cost-saving measures introduced, which resulted in travel and subsistence expenditure and other administration costs, as well as costs associated with the non-filling of vacancies throughout the branch.

#### **Programme 4: Housing Development Funding**

The programme was allocated R15.5 billion, of which R15 billion was allocated to the Human Settlements Development Grant, R133.8 million to the Housing Disaster Relief Grant, R100 million to the Rural Household Infrastructure Development programme and R277 million to the Department's entities. In the adjust-

ment estimate a roll-over of R34.9 million was allocated for the establishment of the Social Housing Regulatory Authority. Additional funding of R1.4 million was also provided in the adjustment estimate process for salary increases.

A R4.4 million virement was made to Programme 1: Administration for the Special Investigation Unit to fund the expanded mandate. SERVCON allocation was increased to R29.6 million to fund part of its tax liability.

The total budget of Programme 4 amounted to R15.674 billion. The programme spent a total of R15.625 billion. The variance of R49.4 million can be attributed to delays in the implementation of projects on the Rural Household Infrastructure Grant. The procurement processes delayed the finalisation of appointing service providers. By the end of the financial year some of the work was completed but due to verification processes that need to be followed the implementing agents were not able to provide the Department with invoices before the end of the financial year. Another contributing factor is the late approval by National Treasury of R7.6 million virement for SERVCON which the Department could not transfer to SERVCON. The non-availability of additional office space resulted in the non-filling of vacancies and costs associated with posts could also not be incurred.

#### **Programme 5: Strategy Relations and Governance**

The programme was initially allocated R174.4 million for the 2010/2011 financial year and was adjusted in the adjustment estimate with a roll-over of R7.7 million to finalise the closure of Thubelisha Homes. Additional funding of R1,4 million was also provided in the adjustment estimate process for salary increases.

A R9 million virement was made to Programme 1: Administration for the Special Investigation Unit to fund its expanded mandate; and a virement of R6 million to Programme 4, Housing Development Funding, for SERVCON to fund part of its closure costs.

The total budget of Programme 5 amounted to R145.1 million. The programme spent R87.4 million. The variance of R57.7 million can mainly be attributed to delays in appointing service providers to maintain and render the necessary support to provinces on the HSS. SITA terminated the agreement with the Department and indicated that they are not willing to renew the contract. The Department had to advertise a bid to appoint a panel of service providers who would render the necessary support to provinces on the HSS. The bid did not yield good results and subsequently the Department approached SITA as an interim arrangement to assist the Department. Another contributing factor is the cost-savings measures that resulted in a reduction in foreign visits and the curtailment of media campaigns.

#### **2.1.10 Transfer payments**

Table: Transfer to public entities

Name of institution	Amount transferred R'000	Estimated expenditure R'000
NHFC	-	1
Social Housing Foundation	6 621	6 621
Social Housing Regulatory Authority	186 771	186 771
Rural Housing Loan Fund	49 500	49 500
Housing Development Agency	69 300	69 300
SERVCON	41 600	34 000
<b>Total</b>	<b>353 792</b>	<b>353 793</b>

*NB: Full details of the services, as well as the narrative of the performance of the institutions, are outlined in Part 4 of this report.*



### 2.1.11 Conditional grants and earmarked funds

There were two conditional grants administered under programme 4, namely the Human Settlements Development Grant and the Housing Disaster Relief Grant.

#### Human Settlement Development Grant (HSDG)

The goal of the HSDG is to facilitate the development of sustainable human settlements, through the provision of a conditional grant to fund housing programmes approved in terms of the national housing code.

The voted allocation for the Human Settlements Developments Grant for the 2010/2011 financial year amounted to R15 026 763 000 with an additional R15 000 million allocated to Gauteng Province for a priority project from the Departmental budget savings, resulting in the total available having increased to R15 041 763 000 for the 2010/2011 financial year.

Additional funding was allocated at the provincial sphere, bringing the total available funds to R15.2 billion as depicted in the table below:

Human Settlements Development Grant Allocations 2010/11						
Province	Voted Allocation	Adjustment during year				Total Available to Provinces
		National Appropriate additional	PT Adjustments	National Adjustments	Total Adjusted Voted Allocation	
	R'000	R'000	R'000	R'000	R'000	R'000
Eastern Cape	1 598 646	-	-	39 000	1 637 646	1 637 646
Free State	1 300 691	-	-	(263 000)	1 037 691	1 037 691
Gauteng	3 771 831	15 000	-	100 000	3 886 831	3 886 831
KwaZulu-Natal	2 714 109	-	77 024	(80 000)	2 634 109	2 711 133
Limpopo	1 234 750	-	11 400	130 000	1 364 750	1 376 150
Mpumalanga	975 863	-	35 170	-	975 863	1 011 033
Northern Cape	273 260	-	-	174 000	447 260	447 260
North West	1 288 770	-	203	(100 000)	1 188 770	1 188 973
Western Cape	1 868 843	-	83 878	-	1 868 843	1 952 721
<b>Total</b>	<b>15 026 763</b>	<b>15 000</b>	<b>207 675</b>	<b>-</b>	<b>15 041 763</b>	<b>15 249 438</b>

The total adjusted allocations of R15.041 billion was transferred to provinces as at March 2011, representing a transfer of 100 percent of the voted amount. The spending performance from the beginning of the financial year up to the end of the second quarter was significantly lower than the funds transferred to provinces in terms of the payment schedule as reflected by the graph below. MinMEC resolved that, to ensure service delivery in the country, funds be shifted from provinces that persistently underperform, to provinces that display the ability to perform. These performing provinces had projects and commitments that needed additional funding.

The withholding, stopping and re-allocation of Human Settlements Development Grant funds in terms of Section 16, 17&18 of the Division of Revenue Act was approved by the Minister of Finance. The above process led to the Free State's allocation being reduced by R263 million and KwaZulu-Natal's allocations

reduced by R80 million. The stopped amounts were re-allocated to Eastern Cape which increased their allocation by R39 million, while Limpopo and Northern Cape provinces' allocation increased by R130 million and R174 million respectively. The adjusted allocations to the voted amounts were gazetted by the Minister of Finance on February 15, 2011 under Gazette Number 34027.

Most provinces managed to spend their respective current financial year's allocations, as at the end of the financial year - except for three provinces namely Eastern Cape, Gauteng, North West. The unspent amounts will be requested for roll-over as they are committed to projects that could not be finalised before March 2011.

Grant Province	2010/11 voted	Total Adjusted Voted Allocation		Transfers to Provinces as per total adjusted	Spent by Provinces	Spent as % of total available to Provinces	Spent as % of transfer as per total adjusted	Unspent as at 28 March 2011
	R'000	R'000	R'000					
<b>Human Settlements Development Grant</b>								
Eastern Cape	1 598 646	1 637 646	<b>1 637 646</b>	1 637 646	1 503 816	92	91.8	133 830
Free State	1 300 691	1 037 691	<b>1 037 691</b>	1 037 691	1 037 685	100	100.0	6
Gauteng	3 771 831	3 886 831	<b>3 886 831</b>	3 886 831	3 855 064	99	99.2	31 767
KwaZulu-Natal	2 714 109	2 634 109	<b>2 711 133</b>	2 634 109	2 711 234	100	102.9	(101)
Limpopo	1 234 750	1 364 750	<b>1 376 150</b>	1 364 750	1 264 584	92	92.7	111 566
Mpumalanga	975 863	975 863	<b>1 011 033</b>	975 863	1 011 033	100	103.6	-
Northern Cape	273 260	447 260	<b>447 260</b>	447 260	472 944	100	103.7	(25 684)
North West	1 288 770	1 188 770	<b>1 188 973</b>	1 188 770	1 040 163	87	87.5	148 810
Western Cape	1 868 843	1 868 843	<b>1 952 721</b>	1 868 843	1 940 037	99	103.8	(71 194)
<b>Total</b>	<b>15 026 763</b>	<b>15 041 763</b>	<b>15 249 438</b>	<b>15 041 763</b>	<b>14 836 560</b>	<b>97</b>	<b>98.6</b>	<b>329 000</b>

There has been some improvement noted with respect to the challenges experienced in the submission of monthly reports by provinces as compared to the previous financial year. Submission of the quarterly reports still proved a challenge as only about five provinces consistently met the submission deadline.

#### **The Housing Disaster Relief Grant (HSD Grant)**

The Housing Disaster Relief Grant has been earmarked for KwaZulu-Natal to provide emergency relief in support of reconstruction work to housing and related infrastructure damaged by storm.

The Housing Disaster Relief Grant has been allocated an amount of R133.8 million for 2010/2011 financial year, a 10.8 percent decrease from the 2009/2010 allocation of R150 million.

The information below represents the expenditure patterns for the period ending March 31, 2011 on this Grant.

**Table 1: Overall spending analysis as at 31 March 2011**

KwaZulu-Natal Disaster Relief Grant						
Month	Total Allocation	Transferred Amount	Expenditure Amount	Spent as % of transferred funds	Spent as % of total available	Variance
	R'000	R'000	R'000			R'000
April	-	11 150	753	7	1	10 397
May	-	11 150	5 918	53	4	5 232
June	-	11 150	3 638	33	3	7 512
July	-	11 150	2 176	20	2	8 974
August	-	11 150	895	8	1	10 255
September	-	11 150	5 787	52	4	5 363
October	-	11 150	2 594	23	2	8 556
November	-	11 150	2 443	22	2	8 707
December	-	11 150	2 598	23	2	8 552
January	-	11 150	861	8	1	10 289
February	-	11 150	106 139	952	79	-94 989
March	-	11 150	-	-	-	11 150
<b>Total</b>	<b>133 800</b>	<b>133 800</b>	<b>133 802</b>	<b>100</b>	<b>100</b>	<b>-</b>

The entire allocation was already fully expended as at end of February 2011. The disaster-related expenditure incurred in March was defrayed with the Human Settlements Development Grant and was reported to have the increased spending on that Grant. The spending on this Grant has drastically increased compared to the previous year.

#### 2.1.12 Capital Investment, maintenance and asset management plan

None

## 2.2 Programme performance

### 2.2.1 Programme 1: Administration

#### Purpose

The purpose of the programme is to provide strategic leadership and administrative and management support services to the Department; and promote and facilitate the flow of information between the Department and its stakeholders.

The programme comprises the following areas of responsibility: Office of the Minister as the Executive Authority, Office of the Director-General as the Accounting Officer; as well as the Branch: Corporate Services, which houses the following chief directorates: Human Resource Management, Legal Services, Information Technology Systems and also Corporate Support.

#### Measurable objective

Administration is a non-core, but an essential component in the Department of Human Settlements. It renders support services to other line functions.

The following are the strategic objectives of the programme for the MTEF period from 2009 to 2012:

- **Executive Support Services** provide executive support.
- **Chief Directorate: Internal Audit, Risk Management and Special Investigations** coordinate the provision of Internal Control, Risk Management and Special Investigations services.
- **Corporate Support** provide corporate support to the Department that will enhance a quality working life in terms of the acquisition of office accommodation, security services and record management services.
- **Human Resource Management** manage and administer human resources, provide organisational design and performance management, labour relations and human resources development.
- **Information Technology and Systems** provide information technology systems, services, infrastructure and business application support in the Department.
- **Legal Services** provide legal services in the Department, including the drafting of legislation on human settlements.

#### **Service delivery objectives and indicators**

##### **Recent outputs**

The **Branch: Corporate Services** has, during the period under review, achieved most of the planned activities as set out in the Departmental operational plan.

During the period under review, the **Chief Directorate: Human Resources Management** had to conduct bulk verification of qualifications, including matric for all employees who are permanently employed. This was not planned for and it was a requirement by the Department of Public Service and Administration.

The moratorium on the filling of posts had a negative impact on the vacancy rate. This situation was explained to the Department of Public Service and Administration upon request.

Notable service delivery achievements of the **Chief Directorate: Legal Services** in the 2010/2011 financial year include the following:

- The Sectional Titles Schemes Management Bill and the Community Schemes Ombud Service (CSOS) Bill were deliberated and passed by the National Assembly.
- The Social Housing Regulations were finalised and submitted to Parliament for approval.
- The Rental Housing Regulations were finalised.
- The Rental Housing Amendment Bill was finalised and information sessions were held in all nine provinces.
- The Social Housing Act(2008), the Housing Consumers Protection Measures Act(1998) and the Housing Development Agency Act(2008) were monitored.
- All litigation matters were managed in compliance with applicable rules and procedures. This included the Makhaza matter where unenclosed toilets as erected by the City of Cape Town were constitutionally challenged. Judgement in the Blue Moonlight case where the City of Johannesburg was challenging the decision taken by the High Court declaring its housing policy unconstitutional, requiring the City to pay rent for the illegal occupiers; also the Joe Slovo informal settlement matter where the Constitutional Court amended the eviction order imposed during 2008.
- The Chief Directorate created a legal-founded environment by providing legal opinions and advice to the Department.
- A draft Compliance and Procedure manual was finalised.

The **Chief Directorate: Information Technology and Systems (GITO)** has managed to achieve the following in the 2010/2011 financial year:

Great progress has been made on several IT infrastructure projects, and all planned projects were successfully completed, save two. Several additional, yet unplanned projects, were also completed, or started. Although several of these *ad hoc* projects were engaged on, none were on the Operational Plan, but did take up resources and time planned for other projects. Huge improvements in the delivery of IT services were still made, and the addition of several new services were implemented successfully. These include, but are not limited to, the distribution of mail services to mobile devices, the upgrade of the storage network through the implementation of a SUN Storage cluster, the migration of the majority of "Business Critical" services to Linux-based platform in compliance with Parliament's FOSS project, the testing and implementation of an Instant Messaging service within the Department, the distribution of mail services to branches, the integration of Sanitation personnel to the DHS network, the implementation of a new Local Area Network (LAN) with Voice Over Internet Protocol (VoIP or Voice over IP) functionalities at an additional branch, and the extension of IT service delivery to all new buildings/branches.

One of the most significant challenges that the Department has experienced over the years is making personnel aware of the security issues related to their interactions with IT systems, and getting personnel to adhere to software standards and usage policies of the Department. As such, several security awareness sessions have been held and correspondence sent to all Departmental personnel to make users understand their responsibility with regard to the protection of the Department's information. Policies as to the acceptable use of Departmental systems are also being reviewed, and several new policies drafted to cover areas not addressed within the current/outdated policies. There has been a number of audits and assessments conducted within the IT environment that emanated in the identification of IT risks, ranging from strategic and tactical, to technical risks.

In terms of **Human Resources Management**, the process of appointing officials from the closed housing institutions was embarked upon. A temporary Directorate: Institutional Transition was created and the officials were appointed and managed there. Officials based at the regions were appointed to embellish capacity for the function of sanitation at the regional level.

The officials were taken through a rigorous induction process arranged in partnership with the Public Administration Leadership and Management Academy (PALAMA). These officials have augmented the capacity of the Department and assisted various units to execute their respective mandates. Appointments of officials on contracts were made to ensure that service delivery is not hampered by the turn-around process. The appointment of interns also assisted in embellishing capacity *albeit* at an administrative level.

Notable achievements of the **Chief Directorate:Corporate Support** include:

The **Chief Directorate: Corporate Support** implemented the compliance procedures as outlined in various prescripts that govern the environment around records, security and property management. Threat and risk assessments were conducted and protection security measures were implemented for all Departmental events, Ministerial projects and protest marches. Pre-screening was done on all candidates for Senior Manager positions, as well as some identified posts below Senior Management Services. Further security checks on companies who tendered for services advertised by the Department were conducted. The Chief Directorate also succeeded in averting the scam by syndicates whereby fraudulent orders were issued on behalf of the Department. In working with the South African Police Services and some of the service providers who came on board, two culprits were apprehended.

The National Archives and Records Service approved two Departmental records classification systems (File Plan; and Records Control Schedule).

The Human Settlement Sector Records Management Forum successfully carried out its planned projects, including the conducting of a macro-appraisal of the Human Settlement sector subsidy records to ensure their proper management.

The Chief Directorate successfully transferred assets and records of the three closed Housing Institutions and the Eastern Cape Intervention Office. Security services were successfully provided in all disciplines as planned. The needs-assessment and preliminary-cost analysis for additional office accommodation were approved and a total of 9 637m<sup>2</sup> of office space were acquired at the Struktura Building, Arcadia and at 260 Walker Street to partly address the accommodation challenge. Occupational Health and Safety processes were implemented in line with audit findings. Interim arrangements for office accommodation for the Sanitation Unit were successfully sourced in all nine provinces.

Furthermore, provision for the following: the distribution of mail services to mobile devices, the upgrade of the storage network through the implementation of a SUN Storage Cluster, the migration of the majority of "Business-Critical" services to a Linux-based platform in compliance with Parliament's FOSS Project, the testing and implementation of an Instant Messaging service within the Department, the distribution of mail services to branches, the integration of Sanitation personnel to the DHS network, the implementation of a new Local Area Network (LAN) with Voice Over IP (VOIP) functionalities at an additional branch, and the extension of IT service delivery to all new buildings/branches.

#### **SERVICE DELIVERY ACHIEVEMENTS**

During the financial year 2010/2011, the sub-programme sought to give meaning to the expanded mandate, here in from Housing to Human Settlements. As part of the strategic filtration process, a service provider was engaged to assist the Department to interpret and *translate* the new mandate into the strategic vision and objectives.

At the centre of the operational plan were efforts to support the Director-General in managing the implementation of Outcome 8. This involved drafting Cabinet Memoranda for Cabinet's consideration and ratification, thus giving meaning to the Human Settlements mandate.

To this end, the programme facilitated the establishment of the Special Presidential Coordinating Council on Human Settlements with the aim to establish a common sectoral planning and collaboration forum. This has resulted in the Department entering into delivery agreements with sector Departments with a stake in the Human Settlements space.

Efforts were made to coordinate the infrastructural and development focus area, resulting in the transference of the MIG funding to Human Settlements. This was intended for Human Settlements to become a single delivery point, where community infrastructures such as parks, social amenities and supportive economic amenities are planned and conceived, before projects are implemented.

A critical pillar that emerged during the implementation and consolidation of the strategy was exploring mechanisms for improving access to a segment of the employed that are excluded by financial institutions, commonly referred to as the *gap market*. The 1 billion guarantee fund was established to securitise this category for purposes of improving access to home loans and improvement of quality of household life.

With strategic support from the three components the programme created space for knowledge management and decisive thinking, support and implementation in the realisation of Outcome 8 objectives and improvement of household life.



During 2010/2011, the programme through the sub-programme, **Internal Audit Risk Management and Special Investigations**, developed and implemented the approved internal audit plans, risk management and antifraud and corruption strategies.

Furthermore, the Department with the assistance of the programme undertook the risk assessment workshop exercise during the year, where strategic, fraud and information technology risks were identified, evaluated and assigned to the relevant risk owners for monitoring and reporting. The purpose of this exercise was to ensure that the Department implements necessary controls, resources, processes to mitigate the risks identified - in order to ensure the attainment of the desired objectives.

The Department held quarterly Risk Management Committee meetings where progress on the implementation of risk management processes were deliberated. The committee was chaired by a non-executive member who prepared a report to the Director-General, highlighting the resolutions taken at the meetings and the recommendations to the Director-General for his direction and intervention, where challenges have been identified.

The Department held five Audit Committee meetings during the period under review and performed its role and responsibilities as per Treasury Regulations. Concerns raised by the Audit Committee in the meetings were addressed by management. Evaluation of the performance of the Audit Committee was also conducted and the outcome was a satisfactory performance (4.3 out of 5).

The Chief Directorate conducted reviews at provincial departments as required by the Human Settlements Development Grant Framework to assess the adequacy of systems in place, to provide assurance that the Integrated Human Settlements Development Grant allocated to each provincial department was appropriately managed and controlled.

In addition, the programme achieved the following:

- Monitored external cases being investigated by the Special Investigating Unit in terms of Presidential Proclamations R.7/2007 and R.35/2010. The following are the outcomes of the investigations in the year under review:
- Subsidies - municipal employees
  - 401 municipal employees were arrested and 334 court cases were finalised.
  - 860 acknowledgements of debt to the value of R8.2 million were signed by municipal employees who defrauded the Housing Subsidy System.
  - No disciplinary cases were dealt with or prepared by the SIU.
- Subsidies - Government employees
  - 936 Government officials were arrested and 871 were convicted. Different sentences were handed down from suspended sentences and some with conditions to repay subsidy amounts.
  - 1615 acknowledgements of debt to the value of R21.7 million were signed by civil servants who defrauded the Housing Subsidy System.
  - 1588 disciplinary files involving Government officials were prepared during the period under review. A joint process with the Department of Public Service and Administration for coordinating disciplinary action against civil servants who have unlawfully benefited from low income housing subsidies has commenced.

*NB: The department has to date recovered a total amount of R17.8 million. This figure is a consolidation of both Government and municipal employees.*

■ Housing Contracts

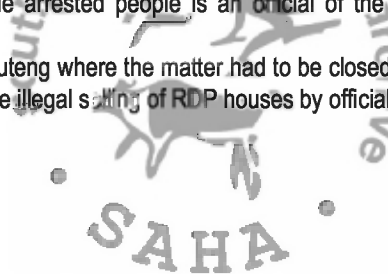
Two housing contract investigations have been finalised and reports submitted to the Department. The details of the two housing contracts are:

- Ntabankulu in the Eastern Cape (471 units)  
Criminal case opened (CAS Ntabankulu 119/01/2006)  
Value of the project: R968 130.31  
Referred to NPA and SAPS for warrants of arrest and appearance in court.
  
- Ba ga Phuduhucwana - Ba gaMaidi in North West  
Potential disciplinary action against officials  
Criminal case (CAS Tswaing 60/7/2010)  
Amount involved: R8 110 500.00  
Referred to NPA and SAPS for warrants of arrests to appear in court.

■ Syndicates

The following syndicates were investigated and progress on those matters is as follows:

- Tsakane Extension 11, Gauteng where the Municipal Councillor was arrested together with two other people (CAS 429/11/2010). They are now out on bail.
- Stinkwater, Ward 14, Hammanskraal, North West where two Ward Councillors were found to be involved in fraudulent activities relating to the buying and selling of low-income houses. The case docket has been handed over to the SAPS Lethabong/Lethabile, Madibeng, North West where a Councillor is currently being investigated in conjunction with the Klerksdorp SAPS.
- Freedom Park, Rustenburg, North West where two people were arrested (CAS Rustenburg 1155/01/2011). One of the arrested people is an official of the Provincial Department of Human Settlements in Mafikeng.
- Tsakane Extension 15, Gauteng where the matter had to be closed because the SIU could not obtain evidence to substantiate the illegal selling of RDP houses by officials.



**Service delivery achievements**

Programme 1: Administration Sub-Programme: Legal Services		Programme Strategic Goal: To provide strategic leadership; and administrative and management support services to the department		
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Human Settlements legislative development, monitoring and research	Percentage of approved Legislative Frameworks	100% Legislative Frameworks approved	The Sectional Titles Schemes Management Bill and the Community Schemes Ombud Service Bill were passed by Parliament. Proclamation on the transfer of the PIE (Prevention of Illegal Eviction) Act signed by the President; now to be administered by the Department of Rural Development and Land Reform.	Tabling of the Housing Amendment Bill before Parliament was deferred to the 2011-2012 financial year. Promulgation of the Rental Housing Amendment Act was delayed by lengthy and extensive consultation undertaken. The Social Housing Regulations were finalised and submitted to Parliament for consultation. The Housing Development Agency Regulations are still being finalised due to...
	Percentage of monitored implementation of Legislative Frameworks	100% monitored implementation of Legislative Framework	Successful monitoring of the implementation of the Housing Consumers Protection Measures Act, Rental Housing Act, Social Housing Act, and the Housing Development Agency Act. The tabling of the Housing Amendment Bill before Parliament was deferred to the 2011-2012 financial year.	
Management of Litigation and Legal Advisory Services	Percentage of completed legal documents	100% completed legal documents	100% completed legal documents	
	Percentage of compliance with litigation rules and procedures	100% managed litigation matters	100% managed litigation matters	
	Legal compliance audit	Performance of legal compliance audits		

Programme 1: Administration Sub-Programme: Human Resources Management		Programme Strategic Goal: To provide strategic leadership and administrative and management support services to the department		
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
To manage and co-ordinate Human Resources Development	Annual Training Report	Develop and implement the Workplace Skills Plan	Workplace Skills Plan was developed and implemented.	
	12 Reports on the Training and Skills Development Committee's activities	4 Reports on the Training and Skills Development Committee's activities	The Training and Skills Development Committee had 4 meetings to deal with skills issues	
To manage and co-ordinate an organisational design processes and Individual performance assessment processes	Approved aligned structure	Re-aligned structure in line with strategy	Not achieved	This is kept in abeyance until the strategic alignment in the Turn-around Project is finalised
	Approved Individual Performance Assessment Report	Individual Performance Assessments	100% of all submitted reports were finalised.	
To ensure effective Human Resource Administration processes	Effectively managed recruitment and selection processes	Fill funded vacant posts to ensure 94% capacity	Not achieved	A moratorium was placed on the filling of posts pending the turn-around process. Only critical funded posts were identified for filling.
	100% compliance on conditions of service	100% compliance on Conditions of Service as determined by the regulatory frameworks	100% conditions of service implemented as per regulatory framework	
	Approved policies and guidelines	Develop, review and monitor the implementation of policies and guidelines	Policies on Recruitment and Selection and Study Aid have been submitted to the DBC for perusal and discussion. Resettlement policy was approved by the Director-General and a copy has been submitted to the DBC for note-taking.	
To promote labour relations in the Department	Twelve (12) reports on Bargaining Chamber activities	Four (4) reports on Bargaining Chamber activities	Four (4) meetings were held	
	Managed labour cases/ activities	To ensure the effective facilitation of LR cases/ activities	All submitted labour disputes; cases were attended to	

Programme 1: Administration Sub-Programme: Corporate Support		Programme Strategic Goal: To provide strategic leadership and administrative and management support services to the department		
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
To manage the development and implementation of protective security functions	Compliance to all security standards	Compliance to physical and personnel security measures	100% compliance to physical and personnel security measures	
To facilitate the provision of properties and facilities	The acquisition of office space & reasonable accommodation in line with Occupational Health and Safety regulations	7 000m <sup>2</sup> office space acquired	9 637m <sup>2</sup> office space acquired.	This was as a result of providing space needs of the additional staff complement absorbed into the Department after Thubelisha and SERVCON were closed down.
To provide management of departmental records	Number of reports on compliance to National Archives requirements	Number of reports on compliance to National Archives requirements	Four reports submitted on compliance to National Archives requirements	

Programme 1: Administration Sub-Programme: Information Technology Services		Programme Strategic Goal: To provide strategic leadership and administrative and management support services to the Department		
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Manage access to information technology networks	Implemented, tested and maintained DRP	Establish and test a disaster recovery site	Achieved - centralised storage and backup solution implemented. Testing completed. Maintenance is ongoing.	
	Implemented Infrastructure optimisation	Implement a unified e-mail management solution	Achieved - unified e-mail management solution implemented.	
Provision of IT solutions to enhance productivity and business processes	Implemented business process automation	Implement business process mapping	Partially achieved - draft business process mapping requirements report completed.	Business process mapping was not implemented.
	Developed, revised and approved IT policies	ITIL-based service desk policy developed and approved	Information technology capacity, performance and configuration policies approved.	Revision of ICT strategy put in abeyance pending the outcome of the Turnaround Strategy.
	Developed and approved SITA business agreement	12 SLA meetings and reports	Partially achieved - 5 SLA meetings held and reports compiled.	7 SLA meetings were not held.

Programme 1: Administration Sub-Programme: Executive Support		Programme Strategic Goal: To provide strategic leadership and administrative and management support services to the Department		
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Manage the provision of administration and logistical support services	Administrative and logistical support provided	Administrative and logistical support provide	Administrative support provided	
Manage the interface with Parliament and Cabinet	Parliamentary and Cabinet liaison	Parliamentary and Cabinet liaison	Liaison and interface between the Department, Cabinet and Parliament managed	
Manage the provision of secretariat support services	Record of proceedings	Record of proceedings compiled and filed according to prescripts	Strategic decision record and prescripts produced and compiled.	
Coordinate the programme of the DG	Coordinate programme	Coordinated workflow	Workflow within the Department, the sector and stakeholder coordinated	
	Coordinate programme	Monitor participation of Department at FOSAD Clusters	Departmental participation at FOSAD monitored and managed	
	Coordinate programme	Coordinate programme	The DG's programme was fully coordinated	
Manage interface between Parliament and Cabinet	Facilitate interaction of the Department with Parliament	Interaction of Department with Parliament	The interface between the Department, Parliament and Cabinet was effectively managed	
	Comments on Cabinet memos	Comments on Cabinet memos submitted a day before Cabinet meetings	Comments on Cabinet memorandums were provided before Cabinet meetings	
		Coordination of Cabinet memo committee	The Cabinet Memo Committee was coordinated	
	Coordinate response to Parliamentary questions	Response to Parliamentary questions	Departmental responses to Parliamentary questions was coordinated	
	Communicate Cabinet resolutions	Communicate Cabinet resolutions	Cabinet resolutions were communicated to the Department for implementation	



Programme 1: Administration Sub-Programme: Internal Audit, Risk Management and Special Investigations Unit (SIU)		Programme Strategic Goal: To provide strategic leadership and administrative and management support services to the Department		
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Evaluate the adequacy, effectiveness and efficiency of systems of internal control, risk management and governance processes	Approved internal audit plan	Reviewed and implemented internal audit plan	Reviewed and implemented the internal audit plan  Completed 14 planned internal audit projects and 2 special request audits  3 quarterly reports issued	2 Projects rescheduled to financial year 2011 due to capacity constraints  Fourth Quarterly Report is awaiting the finalisation of the fourth-quarter Departmental Performance report to be reviewed
Review, facilitate and monitor the implementation of risk management policy and strategy	An approved risk management strategy	An approved risk management strategy	An approved risk management strategy	
	An approved departmental risk profile	An approved departmental risk profile	2010/2011 departmental risk profile approved	Risk assessment for the 2011/2012 financial year has not yet been conducted because the Departmental Strategic Plan for 2011/12 is delayed due to finalisation and adoption of the outcome of the Departmental turnaround strategy
	Annual report inputs on risk management	Annual Report inputs on risk management	Annual Report inputs on risk management provided	
Review and facilitate the implementation of anti-corruption strategy and whistle-blowing policy	An approved anti-corruption strategy and whistle-blowing policy	An approved anti-corruption strategy and whistle-blowing policy	Whistle-blowing policy, fraud policy and fraud-prevention plan reviewed, updated and implemented	
	Report on impact analysis and evaluation of the policies submitted to DG	Report on impact analysis and evaluation of the policies submitted to DG	Impact analysis not done	Capacity constraints within the Directorate
	Annual report inputs on the implementation of anti-fraud and anti-corruption strategy.	Annual report inputs on the implementation of anti-fraud and anti-corruption strategy	Inputs are incorporated in the 2010/2011 Annual Report of the department: See page 22 of the Annual Report.	

### **Reasons for major variances**

In terms of **Human Resources Management**, the 94 percent capacity with regard to filling of posts could not be achieved due to the Turnaround Strategy process which the Department has embarked upon. However, several critical, funded positions were identified for filling. The process of recruitment has already commenced and is at various levels of processing.

The realignment of the structure will be informed by the departmental strategy. However, the re-alignment of the structure has been put in abeyance, pending the outcome of the Turnaround Strategy process.

In terms of **Corporate Support**, some of the planned projects could not be finalised due to awaited contributions from external stakeholders. These include the implementation of records management policies and systems, which were delayed by the late approvals of the records classification systems by the National Archives and Records Service.

The **Chief Directorate Information Technology and Systems** managed to meet all but two of its set targets for the year as per the Operational Plan. This was, however, achieved under tremendous pressure of surging demand for IT services and over-stretched resources.

A late development during the year was the resignation and subsequent departure of the Director: IT Service Management, as well as the departure of a consultant originally employed to review the proposed migration of the MIS and IT Directorates. Since the departure of these senior personnel, the acting Director: IT has reviewed these and several other projects and have chosen to pursue none but the DRP project, as this is the only one that currently speaks to the core business requirements of the Department. The other two main projects that are directly dependant on the Department's Business Processes will be directly influenced by the outcome of the Department's Turn-Around Strategy, and have been put in abeyance pending the outcome of said strategy. These include the revision of the ICT strategy and the mapping of Business Processes to IT services.

The Department was also presented with evidence of fraudulent activities performed by the previous SITA Account Manager. Within the year, the Department has had three different account managers assigned to its account by SITA, causing delays in projects as constant handovers of projects added to the overall confusion at SITA.

A further impeding factor to IT's ability to deliver services to the Department was the still-pending appointment of a Chief Information Officer (CIO). This position is yet to be filled, and the requirement persists as several IT functions cannot be addressed till such time as a CIO has been appointed. This was also a factor in the possible extension of the Information Technology Committee (ITC) mandate, as the extension of the mandate was originally postponed till such time as the CIO was appointed.

As IT is a dynamic and ever-changing environment, several *ad hoc* projects, that also had a negative impact on IT's resources, arose - i.e. the proposed migration of personnel to the 260 Walker Street offices, and the subsequent planning and revision of the whole IT infrastructure at both new buildings.

## **2.2.2 Programme 2: Housing Policy, Research and Monitoring**

### **Purpose**

Develop and promote policies for human settlement and housing, supported by a responsive research agenda. Monitor and assess the implementation, performance and impact of national housing policies and programmes.

### **Measurable objective**

Compiling an enabling policy for adequate housing for all South Africans in sustainable human settlements; improving the housing policy and programmes based on the analysis of accurate, strategic and statistically sound information and data, monitored through operational and other systems.

### **Service delivery objectives and indicators**

#### **Recent outputs**

#### ■ The Ministerial National Norms and Standards for Permanent Residential Structures

The Ministerial National Norms and Standards have been enhanced through the replacement of the minimum window sizes with larger windows to improve quality of life for households. In addition, the Ministerial National Norms and Standards were aligned with the latest provisions of the National Home Builders Registration Council's Building Manual to ensure parity and uniformity in the industry.

The annual housing subsidy quantum is continuously monitored to ensure that the minimum National Norms and Standards can be achieved at any given moment. This is achieved through analysing the building cost index published quarterly by the Bureau of Economic Research of the University of Stellenbosch, also referred to as the BER Building Cost Index. The said index recorded a general reduction in the tender prices for the housing development sector, which is indicative of the current market conditions and the fierce competition for construction work that prevails. Contractors are still reducing profit margins in an attempt to sustain their business entities. Based on the BER Building Cost Index, no adjustment to the subsidy quantum for the 2011/2012 financial year is currently planned. The Department will continue to monitor building cost and if required, proposals for adjustments will be tabled for consideration.

#### ■ Promoting the National Housing Code

Regional workshops on the Code were held in all provinces and their respective municipalities. Work shops were also held with a range of other stakeholders and interest groups.

#### ■ Policy advice and assistance to stakeholders

Policy advice, assistance and interpretation are continuously being offered to stakeholders through various mechanisms, including workshops, seminars and presentations. Stakeholders engaged in the past financial year include, amongst others, the various provinces and municipalities, the South African Local Government Association (SALGA), the Auditor General of South Africa (AGSA), the National Union of Mine Workers (NUM), the Cuban Technical Advisors, and other Government Departments.

#### ■ Economic Impact of Government Housing Programmes

The study has been completed; a final draft report was concluded and presented to the Department on March 31, 2011 for comments.

#### ■ Update existing knowledge on the usage of alternative building technologies in human settlement development (housing construction)

The study has been completed.

#### ■ The Use of Alternative Technologies in Low-cost Housing Construction Paper: Why the slow pace of delivery?

The Paper was completed as part of the National Indaba on Alternative Building Technologies and published in the **Human Settlement Review**, Volume 1, Number 1, September 2010.

#### ■ The extent to which urban dwellers in polygamous marriages might be discriminated against by the current housing policies and programmes.

The report is completed.

- **Assessment of the performance of Government-subsidised housing as an asset**  
The first results on the research study are complete.
- **The costs of building an informal dwelling in informal settlements**  
The study has been carried out by the Research Chief Directorate with the assistance of eighteen (18) data collectors. Data collectors were trained in a two-day training session, which comprised classroom and role play. A methodology chapter was completed and data was collected from 4991 households. In addition, field-work reports have been completed.
- **Understanding beneficiaries' perceptions about alternative building technologies**  
The research forms part of the Department's expedition in exploring the value alternative technologies could have in creating sustainable human settlements. The aim of the study is to establish the perceptions of beneficiaries living in houses built with alternative technologies hold and to compare these with perceptions of those who are living in inadequate housing. The purpose of the study is to inform the Department if alternative technologies are accepted by the people and which technologies are most likely to be accepted. The study has been commissioned and to date a report on data collected is complete.
- **Research support**  
Consolidated departmental inputs on how the Department will meet the goals and objectives of Outcome 8 for presentation to the Presidential Coordinating Council.

Support was provided to Monitoring and Evaluation in the finalisation of the Impact Evaluation Report of the Rural Housing Programme.

A presentation on the South African Housing situation was prepared and delivered at the briefing of the Cuban Technical Advisory workshop.

Support was provided to the Eastern Cape Province in planning and designing the research to review the compliance of housing projects to Human Settlements principles. A planning session (workshop) was held with the province and a study tour of locations for data collection was attended. Support was provided through the National Research Task Team for provinces in designing terms of reference for research projects and making presentations about completed research projects.

Support was provided for the Capacity Building Directorate in conceptualising the Impact Assessment of Housing Consumer Education Programme.

Support was provided for the Western Cape and Gauteng in conceptualising their papers and presentations to the Alternative Technology Indaba. An outline for the papers detailing the questions to be responded to, was compiled and distributed to the provinces. Meetings were held with the two provinces, coupled with visits to provincial projects that used alternative technologies.

Comments and changes were made on the paper, Coming to Terms with Alternative Building Technologies. This paper was drafted by the Gauteng Department of Local Government and Housing. The Chief Directorate therefore assisted the province in redrafting the paper and editing it for publication in the Human Settlement Review, Volume 1, Number 1, September 2010.

Assisted the Special Projects Unit with information for the presentation on Affordable Housing and provided information for possible jobs created during 2010, for the Director General's report to the Portfolio Committee on Human Settlements. Support was provided to Eastern Cape on the impact of the recession on the economy and on housing; input was provided in response to Parliamentary Questions.

An analysis of the housing environment was completed for the Strategic Plan of the Department and the Overview of the Service Delivery Environment for the Annual Report (2009/2010 financial year) was provided. Technical support was provided for the NHBRC in preparations for the International Warranty Scheme Conference taking place in September 2011.

- **Monitoring and Evaluation and Impact Assessment (MEIA) Policy and Implementation Framework for the Housing Sector**  
The Monitoring, Evaluation and Impact Assessment (MEIA) Policy and Implementation Framework for Human Settlements were revised and publicised for the 2010/2011 financial year.
- **MEIA Information System**  
The MEIA Information System was updated with provincial targets and performance information for the 2010/2011 financial year; analysis reports were produced.
- **Beneficiary Occupancy Audit**  
The Beneficiary Occupancy Audit planned for the Eastern Cape and Northern Cape Provinces could not be done due to insufficient funding.
- **Impact assessment studies**  
The impact evaluation study that was undertaken in collaboration with the World Bank in the Limpopo, Free State and Gauteng Provinces was completed and a final report was produced and submitted. Furthermore, similar impact evaluation studies commenced in the Eastern Cape Province, Duncan Village Redevelopment Initiative Project (Eastern Cape), Bossiesgif-Qolweni Project in the Western Cape, Emsagweni and Empumelweni Project in Mpumalanga and the Umkhambaan and Wiggins Project in KwaZulu-Natal in the third quarter of the 2010/2011 financial year. In Mpumalanga, data collection has been completed and data capturing is being finalised. In the Western Cape, Eastern Cape and KwaZulu-Natal data collection is in progress.
- **Monitoring reports**  
Monitoring reports were developed and submitted on:
  - The performance of Provincial Housing Departments for the fourth quarter of the 2009/2010 financial year and the first three quarters of the 2010/2011 financial year in terms of their Provincial Business Plans; as required in terms of Section 10(6) of the Division of Revenue Act.
  - Quarterly project-level monitoring conducted in 285 projects in all provinces.
  - Quality of construction of housing units in Matatiele, Mount Frere, Mount Ayliff and Flagstaff in the Alfred Nzo and Oliver Tambo Districts in the Eastern Cape.
  - Allocation of subsidised housing units in Jansenville, Ikwezi Municipality, Cacadu District Municipality in the Eastern Cape.
- **Practice Note Report, 2010**  
The Practice Note Report for 2010 was completed and submitted in terms of Section (9)(1)(c) of the Division of Revenue Act, 2010, in respect of the performance of Provincial Human Settlements Departments in terms of the Conditional Grant to National Treasury.

#### **Development of a Human Settlement Index**

A Human Settlement Index (HSI) Framework Document for SA as developed; and based on indicators selected from the criteria set out in the HSI Concept Document. The selected indicators are categorised into five (5) main goals, which are: shelter, social development and eradication of poverty, environmental management, economic development and governance.

Partnerships with key stakeholders and other Government Departments were formed to obtain secondary data that is utilised to measure the performance regarding human settlements. Information was sourced from Statistics South Africa, Department of Social Development, Department of Health, Department of Public Enterprise, Department of Transport, Department of Environmental Affairs, Department of Water Affairs, Department of Education, Department of Public Works, Department of Sports and Recreation, and Department of Cooperative Governance and Traditional Affairs. Baseline data which is information from the 2008/2009 financial year was obtained in some of the indicators. The baseline data was then compared to the 2009/2010 financial year information to obtain the progress made. Due to limited information obtained from other stakeholders, rigorous statistical analysis could not be done; only descriptive analysis was done. A progress report was compiled.

### **Outcome 8**

The M & E Unit was responsible for the collation of performance data from the various stakeholders, both external and internal; populated the reporting template and developed the first and second quarterly progress reports, as well as Cabinet Memoranda to report progress on the achievement of the various targets to Cabinet.

### **Participation in discussion forums**

#### **National Research Task Team**

**Four discussion forums** for the dissemination of research were held in the financial year under review. An average of forty (40) delegates from provinces, housing institutions and municipalities attended the forum on quarterly basis. The forums serve the Department in reviewing and strengthening the research agenda, policy recommendations from a variety of research projects and discussions, aligning key research produced by both the public and private sector. Some of the issues discussed in these forums were Informal settlements (finding appropriate approaches to improving the lives of informal settlement dwellers); alternative technologies (improving delivery of housing); evaluation of housing programmes, etc. **Five (5) reports were completed**; this includes four quarterly National Research Task Team Reports and an Annual Report on the National Research Task Team.

#### **The Alternative Technology Indaba**

The Indaba was successfully held on from 29 to 30 September 2010. Among the highlights were the launch event of the research publication; 92 innovators showcased their technologies and over 400 delegates discussed the contribution of innovative and alternative technologies in human settlements. The conference report for the Indaba on alternative technologies has been completed.

The consultation process between the Performance Monitoring and Evaluation Division of the Presidency and the Department of Human Settlements regarding Outcome 8 of the Government's Programme of Action - specifically regarding the finalisation of the indicators to monitor the various outputs and outcomes as determined in the Delivery Agreements, the quarterly reporting format and the reporting process to Cabinet.

The Director-General's oversight visits to specific provinces with a view to discussing challenges experienced with the implementation of human settlements projects.

Workshop on Impact Evaluation by the Department of Trade and Industry; Workshop on Stalled Projects and Workshop on Alternative Technologies.

Assisted Chief Directorate Capacity Building in the evaluation of the Consumer Education Programme with the development of a Terms of Reference and questionnaire. Workgroup on Outcome 8 at the Department



of Performance Monitoring and Evaluation in the Presidency; Data Forum on Outcome 8 at the Department of Performance Monitoring and Evaluation in the Presidency; GIS Forum on Outcome 8 at the Department of Performance Monitoring and Evaluation in the Presidency; POA System Training regarding Outcome 8; Work Group on the Urban Sector Development Grant; Provincial Business Planning and Alignment of engagements.

#### **Publications**

The first **Human Settlements Review** publication was completed. The publication has fourteen articles sourced from a spectrum of academics and researchers. The articles focused on innovative and alternative building technologies.

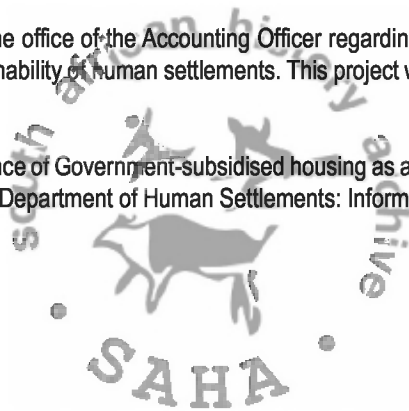
Four analysis reports on trends in the broader macro and micro economic environment, building industry and property market performance were completed. These reports analyse the environment in which the delivery of housing is taking place and advise the management of their potential impact on the housing delivery.

A booklet and a CD titled **Directory of Exhibitors for Alternative Building Technologies Indaba** has been published.

#### **Shortfalls**

There was no response from the office of the Accounting Officer regarding research to develop a national framework to assess the sustainability of human settlements. This project was therefore not done within the planned time.

A study to assess the performance of Government-subsidised housing as an asset was delayed due to challenges in releasing data by the Department of Human Settlements: Information Management Unit.



## Service Delivery Achievements

Programme: Housing Policy Research and Monitoring				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Develop national human settlement policy	Submission of policy for approval	Develop three policy proposals	<p>New national policy was developed for the Ministerial Technical Standards, regarding the subsidy-financed housing sector (Annexure A)</p> <p>A detailed policy framework was developed for a comprehensive new Human Settlements Policy and a Human Settlements Bill (Annexure B)</p> <p>The policy on the housing-subsidy scheme quantum for the 2011/2012 financial year was developed (Annexure C)</p>	
Promote national human settlement policy	Housing Policy and Strategy and regional housing policy models presented to all key housing stakeholders	Familiarise key stakeholders with human settlement policies through at least nine (9) structured policy workshops	Nine policy workshops on human settlement policies were held with Provinces and their respective Municipalities (Annexure D)	
Undertake policy research	Number of research reports on identified themes in the research agenda	Two (2) research reports on identified themes in the research agenda	No report was produced	A Terms of Reference for a survey on the extent of home ownership among Government employees is still being finalised. A social impact assessment of housing programmes as pursued since 1994 was discontinued as it was determined that the study would have led to a duplication of work already undertaken by the Chief Directorate: Monitoring and Evaluation.
	Required percentage of research papers completed	100% of research requests completed	100% of requests received were completed. Eight research request received and completed (Annexure A)	

Programme: Housing Policy Research and Monitoring				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
	A functional research nucleus	Maintain and resource the research nucleus	Books were bought for research nucleus. Electronic Research Nucleus Test site placed on DHS Portal (Annexure B)	
	Establish centers of excellence for human settlements for policy research	Establish MOU with National Research Foundation	MOU with National Research Foundation was established (Annexure C)	
Undertake applied research	Number of research reports on the identified themes in the research agenda	Two (2) research reports on the identified themes in the research agenda	Updating existing knowledge on the usage of alternative building technologies in human settlement development (housing construction)- report completed. The use of Alternative Technologies in Low-Cost Housing Construction: Why the Slow Pace of Delivery? – a paper completed for publishing. The extent to which urban dwellers in polygamous marriages might be discriminated against, by the current housing policies and programmes – report completed. A study to determine the costs of building an informal dwelling in informal settlements- a report on data collected from Gauteng, Western Cape, Eastern Cape and KwaZulu-Natal was completed. A study to understand the perceptions of beneficiaries about alternative building technologies - a report on data collected from Gauteng and Northern Cape was completed. (Annexure D)	Variance – two (2) reports and a published paper were completed while two (2) additional studies were initiated; will be completed during the 2011/2012 financial year.
Monitor and evaluate the planning, implementation and performance of national housing policies and programmes	Approved monitoring, evaluation and impact assessment policy, implementation guidelines and System	Approved MEIA Policy and guidelines for 2010/2011	Approved MEIA Policy and guidelines for 2010/2011	
	Number of: - Monitoring reports - Technical construction reports	Four(4) Quarterly reports Four(4) Quarterly reports	Four(4) quarterly reports No(0) quarterly reports	Approval was not granted for the establishment of the National Verification Unit due to insufficient funding and the KPA was discontinued

Programme: Housing Policy Research and Monitoring				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
	Number of research outputs disseminated	Four (4) research outputs disseminated	<p>Four (4) discussion forums for the dissemination of research were held.</p> <p>Five (5) reports on the National Research Task Team were completed.</p> <p>Alternative Building Technologies Indaba was held from 29 to 30 September 2010.</p> <p>One (1) report on Alternative Technology Indaba was completed.</p> <p>Human Settlements Review, Volume 1, Number 1, September 2010 was published. (Annexure E)</p>	Variance: Additional outputs disseminated
Undertake economic research on housing	Number of research reports on the identified themes in the research agenda	Three research reports on the identified themes in the research agenda	<p>Assessment of the Economic Impact of Government Housing Programmes –report completed.</p> <p>Assessment of the Performance of Government-subsidised Housing as an Asset: A preliminary report completed.</p> <p>Directory of Exhibitors: Alternative Building Technologies Indaba – A booklet and a CD has been published (Annexure F).</p>	
	Full percentage of research papers completed	100% of research requests completed	100% of requests received, were completed. Seven (7) research-support requests received and completed (Annexure G)	
Undertake research to determine trends in the broader macro and micro economic environment; determine the impact	Four (4) research reports on trends in the broader macro and micro economic environment; determine the impact thereof	Four (4) quarterly reports	Four (4) quarterly reports on trends in the broader macro and micro economic environment; and the impact thereof were compiled for publication (Annexure H)	

Programme: Housing Policy Research and Monitoring				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
	Number of occupancy audit reports	Two(2) reports	No(0) reports	The Beneficiary Occupancy Audit could not continue due to insufficient funding and the KPA was discontinued
Assess the impact of national housing policies, programmes and projects	Number of impact assessment reports	Two(2) reports	One(1) report	The second study only commenced in the third quarter and data collection is still in progress



### **Reasons for major variances**

No major variances reported during the period under review.

### **2.2.3 Programme 3: Housing Planning and Delivery Support**

#### **Purpose**

To support implementation and delivery, build capacity, and liaise and communicate with stakeholders for effective housing and human settlement programmes. To coordinate and monitor the implementation of priority projects and the sanitation programme.

#### **Measurable objective**

Provide effective implementation and delivery support for sustainable human-settlement development through capacity building, stakeholder liaison and information management and dissemination, as well as **promote universal access to sanitation services by managing and administering the sanitation programme.**

#### **Service delivery objectives and indicators**

##### **Recent outputs**

The 2010/2011 financial year has been an exciting period for the Department and its partners within business, communities and social structures. The revised mandate was the prominent point of debate, especially in light of Cabinet Lekgotla pronouncements. The Cabinet Lekgotla of January has placed responsibility on all Departments to work towards achieving certain outcomes by 2014. This can only be attained through being collaborative and cooperative with key identified Departments. In the case of Human Settlements, these Departments include: CoGTA, DRDLR, DPW and DWA. These are key infrastructure Departments. These agreements then cascade to provincial departments of Human Settlements and accredited metros. To this end the Department has been charged to deliver: "Sustainable Human Settlements and Quality of Household Life".

In the year under review, the programme through the Capacity Development sub-programme was the preferred provider of capacity development services, by Provincial Departments of Human Settlements and some municipalities. The Chief Directorate has put in place a training and capacity development strategy aimed at fostering a spirit of professional development, receptiveness to innovations, new approaches, and knowledge acquisition among officials in all three spheres of government; as well as among politicians and beneficiaries. This strategy is based on the understanding that effective administration and the implementation of human settlements policies require a combination of technical, policy-making, administrative and managerial skills, which need to be systematically developed. The strategy is implemented through the University of Witwatersrand, the Sustainability Institute linked to Stellenbosch University, Policy Orientation Programmes, Councillor Training Programmes, as well as beneficiary empowerment programmes.

To ensure that human-settlement practitioners protect and promote the public interest in the discharge of their duties and that they adhere to a code of conduct which would regulate members' conduct to create new ethics and responsibility - in an attempt to stamp out rampant corruption - the Chief Directorate has during the year in review continued to pursue activities to facilitate the process leading to the development of a human settlement professional body.

Skills transfer and mentorship programmes to officials and communities through the South African Cuban Technical Support Programme continued to gain momentum during the year in the Western Cape, Limpopo, Free State and in Mpumalanga. The Chief Directorate have continued to support provinces that are participating in this programme to enhance the effectiveness of the South African Cuban Technical Support Programme, to ensure value for money.



Approval to advertise for the 2011 academic intake and the transfer of funds, to advertise in both print and radio media, was secured. Advertisements were done through the following newspapers and radio stations:

- Sowetan
- Die Beeld
- Daily Sun
- Pretoria News
- Ukhozi
- Lesedi
- Motsweding
- SABC Limpopo combo
- SABC Mpumalanga combo.

**Processing of all invoices for payments:** Student invoices from institutions of higher learning have been processed for payment.

**Induction of the scholarship beneficiaries:** The Department hosted the 2011 induction from 28 to 30 January. In attendance were officials from the provincial departments of Human Settlements and the seventy five (75) new scholarship beneficiaries.

**Visits to institutions of higher learning:** Visits to institutions of higher learning to monitor students' progress have been conducted. These visits were aimed at building good working relations with the institutions, to listen to students' challenges and to support them.

#### **The South African Cuban Technical Support Programme (SACTSP)**

The recruitment of Cuban Technical Advisors by Mpumalanga Province & the Sanitation Unit under the South African Cuban Technical Support Programme bilateral agreement was facilitated and terms of references for the recruitment were developed. The delay in the renewal of the bilateral agreement by the two countries, for the programme to be aligned to the new mandate of the department, is delaying the recruitment.

Four National Committee sessions of the South African Cuban Technical support programme (SACTSP) were facilitated for participating provinces to share best practices and challenges on the implementation of the programme.

Three provinces, i.e. Limpopo, Mpumalanga and the Free State were work-shopped on how to develop credible provincial plans, to ensure the effective implementation of the SACTSP programme and to ensure value for money.

Quarterly progress reports on the implementation of the SACTSP by provinces were evaluated and a report compiled for feedback and support to participating provinces namely, Mpumalanga, Limpopo, Western Cape and the Free State.

#### **Knowledge management**

A knowledge-management framework for the human settlement sector was developed and approved.

A knowledge-management workgroup was established to develop and facilitate the implementation of the Human Settlement Sector Knowledge Management Strategy. The workgroup comprised officials from the provincial human settlements departments and officials from the Department to enhance buy-in by provincial departments.

### **Provincial Capacity Development Business Plan**

All provincial human settlements departments were work-shopped on the development of credible Capacity Development Plans. Provincial Heads of Departments and their management team members were addressed on the importance of identifying capacity gaps and the development of credible Capacity Development Plans for their departments.

Hands-on implementation support was provided to the Northern Cape and North West provinces during the identification of capacity gaps in the provincial departments and their municipalities; and during the development of Capacity Development Business Plans to close identified capacity gaps.

Quarterly progress reports on the implementation of Capacity Development Plans by provinces were evaluated and a report compiled for feedback and support. This was meant to monitor the implementation of the provincial capacity-development business plans and to recommend appropriate corrective actions where necessary.

Four sessions of the Capacity Development Task team were facilitated for provinces and housing institutions to share best practices and challenges on the implementation of Capacity Development Business Plans.

Three sessions of the Presidential Coordinating Council's Capacity Development Task Team was facilitated.

### **Implementation of the Sustainable Communities Support Programme**

Two hundred and seventy four (274) community members were trained on the Introduction to Sustainable Development Training Programme. Twenty (20) SALGA councilors and forty (40) officials were also reached through the Sustainable Development Executive Training Programme. Accredited training materials have been developed for community members at NQF Level 1 and for officials at NQF Level 4.

### **Implementation of the Consumer Education Programme**

A monitoring and evaluation tool was developed to test the impact of the Consumer Education Programme, particularly for housing beneficiaries from 2006 onwards. Four provinces were chosen as pilot sites for the testing of the tool, for identified beneficiaries who participated in Consumer Education training sessions before and after beneficiaries received housing. 30 000 Consumer Education brochures in both English and Afrikaans have been printed and distributed to all provinces for beneficiaries.

Sixteen (16) consumer and beneficiary empowerment training sessions were conducted in the following provinces: Limpopo; Mpumalanga and North West.

### **Implementation of the WITS certificate programme**

Forty-five (45) officials successfully completed the WITS programme during the second intake of 2010; the numbers were significantly lower than the previous year's, however the content of the programme was enhanced, aligned to the human settlements mandate and to service delivery.

### **Implementation of the Councilor Training Programme**

During the year under review 679 councilors and traditional leaders were trained in five provinces (Eastern Cape, Mpumalanga, Northern Cape, Gauteng and Limpopo).

The Programme under the sub-programme Human Settlements Planning Unit continued to manage the human-settlements programmatic planning frameworks and support the implementation of human settlements development design, as well as spatial planning across national, provincial and local spheres of government.

The sub-programme has a targeted approach to all three spheres of government through three directorates: National Planning, Provincial Planning; and Municipal Planning. Although the proceeding tasks do not appear in the approved operational plan of the Department, this work has been honoured and set targets have been achieved for the period under review.

The key indicators for the Chief Directorate during the year under review were set as follows:

- Collaboration with National Treasury on revisions for the Framework for National Housing Conditional Grant Business Plan.
- Framework for Part D of the APP approved in line with latest revisions.
- Technical Guide for development of Housing Chapters of the IDP (Green Book) amended and approved in line with latest revisions.
- Technical Guide for Human Settlement Design (Red Book) amended and approved in line with latest revisions.
- National Programme and Resource Manual for Housing Chapters of Integrated Development Plans approved in line with latest revisions.
- National Housing Conditional Grant Business Plan for 2010/2011 submitted for approval.
- Institutional alignment with other sector departments maintained.
- Support rendered to municipalities in the revision and implementation of housing-sector plans.
- Appropriate Housing Officials & Municipal Councillors, adequately skilled and trained to facilitate compilation of housing chapter of IDPs in collaboration with Capacity Building where the need arises.
- Participation and Annual Review of Municipal IDPs.

In general, in terms of management and use of resources, the HSPU declared approximately R2 million in the third quarter.

HSPU does not have any disciplinary procedures, cases of fraud, theft and corruption to date.

The HSPU has not had major capital acquisition and disposals. No contracts with external service providers are currently held. In addition, there is no donor funding being undertaken.

#### PLANNING FRAMEWORKS

At provincial level the Provincial Part D of the annual performance plan framework was designed, consultation done in the Department and with provinces, provincial treasuries and National Treasury.

- **Revised Provincial and National Conditional Grant Business Plans** in view of the Outcome 8 priorities were received from North West and Northern Cape. However, in terms of the Business Plan Framework for 2011/12, consultation was done with provinces, and inputs provided to National Treasury in Quarters 1, 2 and 3.
- **In quarter 4**, the anticipation was to receive nine (9) final, approved Provincial Conditional Grant Business Plans for 2011/12 by February 15, 2011. However, seven(7) out of nine(9) - with the exception of Kwazulu-Natal and Eastern Cape - Conditional Grant Business Plans for 2011/12 were received on or before February 15, 2011. The National Business Plan was submitted, supported by seven (7) provinces, except Eastern Cape and Kwazulu-Natal; compliance certificates to the Director General for approval. Signature copy was sent to National Treasury.

Business Plans were received from North West, Northern Cape, Western Cape, Free State, Mpumalanga and Limpopo. These plans were submitted for approval by the Director-General on March 31, 2011.

Eastern Cape, Gauteng and KwaZulu-Natal have not submitted signed copies of their final Business Plans. KZN and Gauteng are still awaiting Treasury signature, whilst Eastern Cape indicated that they are still having problems with the template.

A report was compiled which was indicating how provinces planned in terms of Outcome 8. Gaps in programmatic planning, especially with regards to reconciliation of budgets with plans, were identified and this was manifested in the form of figures that were inserted in the template, devised to track the provincial response to Outcome 8, especially in terms of budgeting.

- **Provincial Annual Performance Plans (APPs)/ Multi-Year Housing Development Plans (MYHDPs)**
  - **First drafts of the APPs**

Provinces were requested to submit their first drafts of the APPs. The submitted APPs were assessed so as to establish as to how they link with Sustainable Human Settlements and Outcome 8. A report was developed and (included in Annexure E). The provinces that submitted their APPs are Gauteng, Eastern Cape, Mpumalanga, Western Cape, Northern Cape, and KwaZulu-Natal.
  - **Second drafts of the APPs/MYHDPs**

Gauteng, Mpumalanga, Northern Cape, Eastern Cape, Free State, Western Cape and Limpopo submitted second drafts to the HSPU. The HSPU developed and sent letters of acknowledgement to the provinces with regards to the submission of the APPs.
- **Standard reporting framework on delivery plans for provinces**

The Minister's request to develop a standard reporting framework for delivery plans was honored. A generic framework was developed and approved by both Technical MinMEC and MinMEC, and is now ready for implementation.
- **Technical Guide for Human Settlement Planning and Design (Red Book)**

Terms of Reference were developed and submitted to the Director General (DG), for approval. By quarter 4, while the Terms of Reference have been developed and submitted to the Director-General for approval, this script has been put on hold, pending the outcome of the Departmental policy and legislation review.
- **National Programme and Resource Manual for Human Settlement Chapters of Integrated Development Plan.**

The Terms of Reference to appoint a service provider to audit the Housing Chapter of the IDP programme were submitted to the Director-General for approval. By the fourth quarter, the Terms of Reference (ToR) to appoint a service provider to review the Housing Chapter of the IDP Programme Resource Book. The ToRs were re-submitted to the DG for approval.
- **Land Use Management Bill**

The Chief Directorate crafted an internal (not for distribution) position paper on the draft Land Use Management Bill. By the fourth quarter, the Presidency in conjunction with the Department of Rural Development and Land Reform (DRDLA) were in a process of finalising the Land Use Management Bill to be presented in Parliament before the end of March. The HSPU is part of the task team and has given input to the Bill.
- **Guideline for Spatial Development Framework**

The Department of Rural Development and Land Reform (DRDLR) is in the process of developing National Spatial Development Framework guidelines in pursuit of addressing the spatial inequalities and inefficiencies. The HSPU was part of the National Task Team.

- The Project Planning Module template was presented at the Human Settlement Planning Forum for comment from provinces.
- Township establishment and land development area applications.  
Municipal Planning Directorate evaluated six (6) township establishment applications. Three of the applications do not have motivational memoranda and specialists' studies. Consultants have been requested to provide the outstanding information in order for the Department to provide informed comments.

### **PROVINCIAL WORKSHOPS**

Workshops with Eastern Cape, Mpumalanga, and KwaZulu-Natal were conducted. The intention was to attain better planning and ensure that plans align with Outcome 8 and with sustainable human settlements. Provinces were requested to incorporate the inputs from the HSPU.

Assessment of Gauteng and Western Cape APPs was done and feedback given.

- **Steering committees: APP/MYHDP Steering Committee for Limpopo Province**  
The HSPU is part of the Steering Committee to develop a credible APP for Limpopo Province. Other steering committee members are NDHS, Limpopo Department of Housing and Local Government and the service provider appointed to develop the MYHDP. An engagement session with Limpopo Province MYHDP was held and a presentation on Outcome 8, outlining the significance of incorporating the national target and priorities into the provincial APP/MYHDP was made.
- **Last Quarterly Performance Reviews: Provinces**  
The team participated actively in the last quarterly reviews which were conducted in Gauteng Province at a Protea Hotel. During the reviews, the team provided inputs to provinces so that they plan in line with Outcome 8 and with the new mandate of developing sustainable human settlements. One of the issues that were critical was programmatic planning and the team provided inputs to the provinces so as to enable them to achieve national targets.
- **Human Settlements Planning Forum**  
The Human Settlements Planning Forum was launched in pursuit of having a space where the three spheres of government could share best practice.

The second Human Settlements Planning Forum for 5 and 6 October 2010 was held with invitations sent to sectors and institutions.

### **NON-COMPLIANCE ISSUES: Engagements of Provinces that did not submit the APPs**

Letters of non-compliance of the APPs submissions was sent to the following Provinces: Northern Cape, Eastern Cape, North West, Limpopo and Free State.

At this point in time, only Limpopo Province has submitted the APP after receiving the letter of non-compliance.

### **Additional critical planning initiatives**

- **Human Settlement Indaba**  
One member of the team was seconded to the technical team of the Human Settlement Indaba. During this period, there was attendance of the human-settlement related workshops such as SAPI in KZN; Indaba on alternative technologies where private and the public sector participated in the PHP workshops where NGOs and provincial departments participated; conducted by the NDHS and other

stakeholders in the sector. Concept papers were devised that covered issues around Vision 2030 and Agenda 2014 which relates to Outcome 8.

There was also active participation in the arrangement of Knowledge Week which was organised by the NHDS and the Development Bank of Southern Africa (DBSA). Knowledge week also contributed massively in informing on, *inter alia*, Vision 2030 and turn-around strategy of the NDHS. This occurred as the Knowledge Week cascaded down to the development of strategies that can facilitate development of sustainable human settlements.

#### ■ Indicators for Part D of the APP

Indicators that ensure implementation and success of Part D were developed. These are meant to be an annexure to Part D and they intend to provide a direction to the provinces in terms of tracking their progress in delivering national priorities, as well as in their execution of the new mandate of developing sustainable human settlements.

#### **Grants: Urban Settlement Development Grant (USDG)**

National Treasury top-sliced provincial allocations for additional funding to the Urban Settlement Development Grant (USDG - previously known as the MIG Cities grant). The USDG is administered by the Department with effect from April 1, 2011.

Due to the revised allocations, the date for submitting final Business Plans was extended from the February 15, 2011 to the March 3, 2011.

#### **Municipalities: Hands-on support to municipalities**

Hands-on support to municipalities were held in Northern Cape, Eastern Cape and Mpumalanga. The Integrated Development Plan Annual Reviews had full participation from the team in Northern Cape, KwaZulu-Natal, Gauteng, Free State, and Mpumalanga.

#### ■ IDP Analysis

Municipal Planning participated in the Preparatory Meeting for National Integrated Development Planning Analysis Induction convened by the Department of Cooperative Governance and Traditional Affairs (CoGTA) to provide inputs through a detailed set of indicators, to assist and assess sector-specific issues during the municipal IDP Analysis.

Inputs were provided after thorough consultation with provinces in preparation for the March to July 2010 IDP Analysis sessions. The Municipal Planning Directorate formed part of the Infrastructure and the Service Delivery Team, purposely, to evaluate implementation of Integrated Development Plans (IDPs) over the past financial year and facilitate content-related discussions on achieving national goals through appropriate municipal development strategies and plans.

In addition, participation in the Local Government Turn-Around Strategy follow-up sessions to evaluate if municipalities have established and addressed capacity challenges.

By the fourth quarter, the HSPU had participated in the preparatory Meeting for National Integrated Development Planning Analysis Induction convened by CoGTA to provide inputs through a detailed set of indicators to assist and assess sector-specific issues during the municipal IDP Analysis. To date, the HSPU has participated in the Nkangala District Municipality IDP Analysis sessions in Mpumalanga.

#### ■ Housing Chapters of IDPs

Engagement sessions in the first quarter were convened with municipalities from Northern Cape, Gauteng, KwaZulu-Natal, Eastern Cape, North West and Mpumalanga to check the status of develop-



ment, and review Housing Chapters of IDPs. We also reviewed the Handbook in support of the model for the alignment of Housing Chapters with the IDPs.

Engagement sessions in the second quarter were held with Mpumalanga, Northern Cape, North West and Limpopo Provinces. The alignment of Outcome 8 Priorities emphasising its implication on the Housing Chapter of IDPs was tabled with provinces. This saw emphasis towards Outcome 8 priorities such as land availability, rental and social-housing stock, informal settlements upgrading and housing finance.

The reviewed Housing Chapter Guidelines were presented to municipalities in the Northern Cape, Gauteng, KwaZulu-Natal, Eastern Cape, North West and Mpumalanga. As a consequence, bilateral discussions with municipalities, service providers and provinces were conducted on the review and development of Housing Chapters of IDPs. The Handbook was distributed to simplify an understanding of the link between the Housing Chapter of the IDP and the IDP processes.

Evaluation of the Housing Chapters of IDPs submitted by KwaZulu-Natal, Northern Cape, North West, Western Cape, Limpopo and Mpumalanga was conducted to check the credibility of Chapters. The findings of the evaluation were presented to municipalities and provinces. A detailed proposal on possible content of the Housing Sector Plan was proposed and presented to strengthen the plan.

In the third quarter, engagement sessions with Mpumalanga, Northern Cape, North West and Limpopo were held. The alignment of Outcome 8 Priorities emphasising its implication on the Housing Chapter of IDPs was tabled with provinces. This saw emphasis towards Outcome 8 priorities such as land availability, rental and social-housing stock, informal settlements upgrading and housing finance.

In quarter 4, HSPU provided support to Moretele Local Municipality in North West to develop Housing Chapter of IDPs. Present framework for the development of Housing Chapters of IDPs in Sekhukhune District Municipality (Limpopo). In addition, the HSPU was part of the team providing training to municipal officials and councilors in conjunction with Chief Directorate: Capacity Building.

The content and context of Outcome 8 was presented to Joe Gqabi Local Municipality and Chris Hanu District Municipality at the request of the Eastern Cape Department of Human Settlements in preparation for the Provincial Summit on Integrated Sustainable Human Settlements.

#### **SECTORAL ALIGNMENT**

- Engagements held with National Treasury in respect of the Conditional Grant, with **National Department of Rural Development and Land Reform** in respect of the Land Use Management Bill, with CoGTA and SALGA during the process of exploring an appropriate model for municipalities.
- The Directorate also worked together with other Chief Directorates such as the Capacity Building Unit where housing officials from municipalities were trained in Eastern Cape and Mpumalanga.
- Engagements with sector Departments such as DRDLR, DCOG, and National Treasury were held. Internally, the Unit continued engagements with Capacity Development Unit, Grant Management, Management Information Systems and Monitoring and Evaluation.

In the year under review, the programme through the sub-programme **Programme Implementation Support** has focused its activities on the provision of support for the unblocking of stalled housing projects, the upgrading of informal settlements and with the identification and support to speed up implementation of slow-moving projects. Considerable effort and resources were expended in relation to achieving the outputs

and milestones of the Outcome 8 Delivery Agreement. It managed to provide assistance to provinces, municipalities and individuals in 41 different projects during the year.

Providing access to basic services and secure tenure through informal settlement upgrading, to 400 000 households currently residing in informal settlements, is a major output of the Outcome 8 Delivery Agreement signed between the Minister of Human Settlements and the President during 2010. To this end, the Sub-programme has been involved extensively in the establishment, management and promotion of the National Upgrading Support Programme (NUSP). Through the NUSP, a dedicated website has been established which contains a resource kit for practitioners in the upgrading field. The development of a capacity-building programme has also been initiated which should be completed by May 2011 and capacity-building workshops and seminars will commence during that year. All nine provinces have committed themselves to partaking in the NUSP through a National NUSP Forum which has been established; thus far 42 municipalities have indicated their interest in partaking in the NUSP.

A study/investigation was launched to determine the number of informal settlements in South Africa, the location of these settlements as well as the socio-economic profile of these settlements. The study was proceeding at a slower than expected pace due to the fact that provinces and municipalities do not have such information available. The Department intends to re-launch this investigation with the assistance of the HDA during 2011/2012.

Information on stalled and slow-moving housing projects is more readily available from the Housing Subsidy System (HSS); this information serves as a database to guide the Unit's activities and the identification of the projects to be supported by the unit. A comprehensive database on blocked projects was compiled which is being discussed with provinces with a view to reaching agreement on the database. In order to support the implementation of the Strategy for the Unblocking of Stalled Housing Projects, a process for the implementation of the strategy was developed and submitted to MinMEC for consideration.

Guidelines for Project Closure were developed and the implementation of these guidelines will significantly reduce the number of active, blocked and slow-moving projects indicated on the Housing Subsidy System (HSS).

Promotion of the Project Programming and Implementation Guide, which was compiled to assist housing practitioners to understand the housing development process, to better plan projects, to manage projects more efficiently and to monitor project progress, continued through 2010/2011. A number of workshops were held with provinces and municipalities during the year.

A large number of Parliamentary Questions and enquiries from the public regarding housing matters were received and were dealt with during the financial year. A total of 41 human settlement projects were supported through various interventions to ensure their successful completion. However, certain requests for delivery support from provinces, particularly in the Northern Cape, North West and Mpumalanga could not be accommodated due to the lack of sufficient resources.

The programme through the sub-programme **Social/Rental Housing and Peoples Housing Process** managed the implementation of People's Housing Process and Social/Rental Housing programmes and provided regulatory support and oversight over the Social/Rental Housing and PHP sectors.

With the Outcome 8 pronouncement, signing of delivery agreements, establishment of the Social Housing Regulatory Authority, the Department has made significant strides: providing a conducive environment for growth and development of the rental-housing sector; positive institutional arrangements for delivery at scale; effective measures through legislative frameworks to provide for upscaling of delivery of rental stock; access of low and lower income segments of the community to rental housing accommodation.

- Supported Mpumalanga, Limpopo, KZN and the Western Cape to deliver 3 500 PHP units in the 2010/2011 financial year.
- Developed a "lessons learnt" document on the implementation of the PHP Policy projects implemented in Mpumalanga, Limpopo, KZN and the Western Cape.
- Appointed a service provider to develop the Implementation Guidelines for the enhanced PHP Policy Framework.
- Developed a PHP information flyer and a PHP webpage.
- Conducted an audit on all PHP blocked projects and developed an Action Plan to address PHP blocked projects.
- Held a successful PHP National Workshop attended by PHP sector support agencies and Government; and jointly came up resolutions to ensure the up-scaling of PHP as one of the Human Settlements delivery programmes.
- Mobilised bridging finance for the Community Resource Organisations (CRO) through engagements with NURCHA, RHLF AND Kuyasa. NURCHA developed and presented a proposal on bridging finance for the PHP sector and presented it to the PHP National Reference Group.
- Delivered workshops throughout the nine (9) provinces on the enhanced PHP Policy Framework to communities, CROs, Provincial Departments, municipalities as well as to councilors.
- Currently piloting a PHP project on alternative technology in partnership with Gauteng Department of Local Government and Housing, and Habitat for Humanity in Diepsloot.
- Established a partnership with World Vision (South Africa); a pilot project will be implemented jointly in the Eastern Cape in the 2011/2012 financial year.
- Engaged provinces and developed recommendations for the resolution of old debt.
- Facilitated exchange visits between provinces to share good/best practices methods on the implementation of the enhanced PHP Policy projects.
- Facilitated discussions between provinces and the Federation of the Urban Poor (FEDUP) to upscale the implementation of the pledge based on the Memorandum of Understanding signed between the Department and FEDUP/SDI (Shack Dwellers International).

The programme through the sub-programme **Priority Projects Facilitation** continued to manage the Priority Projects within the capability of its limited staff complement. The unit attended the Technical Task Team and Project Steering Committee Meetings on the various Priority Projects, with the aim of assisting to deal with stumbling blocks that hamper progress in the relevant projects.

#### **Zanemvula Project in the Eastern Cape**

The finalisation of some of the old sub-projects which were managed by the erstwhile Thubelisha Homes was delayed from reaching completion because the transfer of the contractual arrangements between Thubelisha Homes, the Eastern Cape Provincial Department of Human Settlements and the Housing Development Agency (HDA) - the financial and technical reconciliations took much longer than anticipated. As a result, the Chief Directorate was requested by the Acting Head of Department of the Eastern Cape Provincial Department of Human Settlements to facilitate the closure of Thubelisha Homes. This process has largely been completed, legitimate claims by contractors have been paid and aspects requiring legal closure are now being managed by the Eastern Cape Provincial Department of Human Settlements.

#### **The Duncan Village Project, in the Eastern Cape**

The project has been challenged by difficulties related to the acquisition of suited land for human settlement development, illegal occupations of houses in Reeston 796 and dynamics at local level. The approval by MinMEC for dedicated funding for this Project will now ensure that both the province and the municipality will focus on delivering on this Project. The draft Implementation Agreement has been discussed with the role-players, but now needs to be finalised and signed by the Accounting Officers.

#### **The Khutsong Project in Gauteng Province**

The lack of funding is impacting very negatively on the capability to address the RoD requirements, as well as to finance the cost of concrete house aprons and the higher subsidy quantum to allow the Project to meet with the norms and standards set in the Comprehensive Plan for the Development of Sustainable Human Settlements. As a result the Merafong City Municipality has been experiencing cash-flow problems in the Khutsong project, as it is carrying the costs of funding the construction of concrete house aprons; the costs are exceeding the outdated, approved subsidy quantum. The municipality submitted an application for the aprons funding and the top-structure subsidy adjustment early in 2010 with the North West Provincial Department, but, to date, has not received any response. The municipality has indicated that the Project could soon come to a standstill as it cannot continue to carry these costs. The Project stoppage could result in community unrest.

#### **The Klarinet Project located in the Emalaheni in Mpumalanga Province**

The project is currently behind schedule due to funding constraints but the construction of 435 housing units in Phase 1 is underway. The Department of Education has indicated its willingness to construct a school on the site and the contractor is on site. The identification of beneficiaries has commenced but some potential beneficiaries have indicated that they do not wish to be housed at the Project. As a result, more emphasis is being placed on providing subsidised units for the aged and the disabled.

#### **The Sweetwaters Project situated in Gauteng Province**

The Project is challenged in respect of the provision of bulk infrastructure as the existing bulk sewer network in the area has reached its capacity and cannot accommodate this Project. In order to address this problem, it has been proposed that discussions with the project managers and the local ward councilor of the neighbouring Thula Mtwana should be undertaken to allow for the outgoing sewer network of the Sweetwaters Project to link into that of the Thula Mtwana Project.

With respect to the N2 Gateway Project, an agreement has been reached with the City of Cape Town that it will assist with project-related matters requiring its intervention. Community representative structures have been established for each precinct and they are meeting regularly. An overall Communication Strategy is being developed to keep the public informed of the progress made in the Project. The cost of constructing the high-density units in Joe Slovo Phase 3 far exceeds the subsidy quantum and, if not resolved, will threaten the completion of this component of the Project. Some challenges are being experienced regarding intimidation of community members at Boystown and illegal occupations in Delft 7 - 9. Corrective action is being taken at provincial level in both these instances.

#### **The Lerato Park Project situated in the Northern Cape**

The project has had to deal with the manner in which the project is being implemented. The implementation agent has insisted on a higher level of services and the province and local authority have acceded to this request and no top structures have yet been built. Absa has also indicated that the project cannot proceed unless the bulk infrastructure for the Sol Plaatjie Municipality is upgraded and the capacity increased. The municipality has indicated that 800 units can be constructed and the water, sanitation and electricity requirements can be accommodated in the existing bulk infrastructure capacity. The Chief Directorate has been in discussions with the Province, Sol Plaatjie Municipality and Absa to bring the project in line with the contractual agreements so that delivery on the project can proceed.

#### **The Thornhill Integrated Housing Development, situated in the Eastern Cape Province**

The project was planned for the delivery of 5 000 housing units. To date, 509 units have been handed over to beneficiary households but the construction of the remaining 4 491 units cannot commence due to lack of bulk water supply. A request for the approval of R438 million for Bulk Water Emergency Funding is being made to the Minister of Water Affairs.

### **The Cornubia Project, situated in KwaZulu-Natal Province**

The town planning for Phase 1 has yielded 1 000 housing units and social facilities. Major arterial roads with interchanges will be required but the Department of Transport has not yet come on board. Without their cooperation, the chances of obtaining funding for these major roads will be reduced. At this point, the township establishment process is being held up by the reluctance of the Department of Agriculture to approve the rezoning of the Agricultural land for residential use for the subsequent phase.

### **The Lephalale Project in the Limpopo Province**

The project is being stalled by the insufficient capacity of the existing bulk infrastructure. This constraint triggered a revised planning approach where it was decided that a service provider be appointed to conduct a scoping exercise in which the entire municipality's bulk infrastructure is assessed, the estimated upgrading costs calculated and a funding model is being developed.

### **The Diepsloot Project in Gauteng**

The engineering services, two (2) show houses and sixty (60) foundations have been completed in the Diepsloot West component of the Project. In the Diepsloot East component, the feasibility study and the NHBRC registration for Phase 1 are underway.

The Chief Directorate was requested to intervene and assist the Eastern Cape Provincial Department of Human Settlements with the closure of Thubelisha Homes and its management of certain projects in the province. This entailed protracted meetings with the Thubelisha, national, provincial, municipal and NHBRC teams in an effort to finalise technical and financial reconciliations of all the work undertaken and then the finalisation of outstanding and legitimate claims to contractors. The only outstanding issues include those that will be dealt with by the legal unit at the province.

The unavailability of suitable land for human settlements developments remains a major challenge hampering progress on the Priority Projects. The projects affected include the Duncan Village Project, the Khutsong Project, and the N2 Gateway Project.

Old and aging bulk infrastructure together with the inability of existing infrastructure to carry the additional loads generated from major projects is another major challenge and impacts negatively on projects like the Thornhill, and Duncan Village Projects.

Lack of funding to meet the provisions of the RoD requirements on the Khutsong Project is hampering progress. While the National Department has provided R100 million to address certain RoD requirements such as stormwater infrastructure and the provision of roads on the project, this is insufficient to meet with all the requirements. Importantly, this project is in need of the top-up adjustment on the old subsidy quantum as well as further funding for the apron subsidy. If these funds are not made available, the project is likely to come to a halt.

The programme through the sub-programme **Stakeholder Mobilisation** held several working sessions - working with Emerging Contractors, the Religious Forum, organised Professional bodies segments of society that include Youth and Women, as well the National Economic Development Labour Council (NEDLAC). A platform on planning was also arranged in collaboration with DBSA during Habitat month; also, city-focussed dialog with one NGO in Cape Town, namely Development Action Group (DAG) in collaboration with UN Habitat.

Whilst the above listed activities took centre stage and brought the Minister closer to the sector he serves, there was further effort to convert programmes into tangible outcomes through a Build that took place for youth in Gauteng's Ivory Park; and for women in Coligny, North West. Both addressed in-situ informal settlements upgrade and yielded 140 completed units using the subsidy. In Coligny the cement company of



the region Afrisam further made contributions by upgrading a community facility for early childhood in the community.

The sub-programme is collaborated with Correctional Services in building house units for the disabled in Khayelitsha and Struisbaai utilising offenders as part of rehabilitation. It is within this context that the Annual Report is prefaced and the detail is listed hereunder. Of course, one simply cannot conclude without mentioning consultation held with the youth, to conclude the financial year. This occurred in round-table form where young people were challenged to contribute to the 2030 Vision.

#### **Social Contract and Rural Compact**

Meetings of the Social Cohesion work-stream and the Planning and Development work-stream were held and a draft work document on Planning and Social Cohesion was developed and submitted to top management for rectification and approval.

#### **Negotiations with targeted stakeholders**

Negotiations with Great Basin Gold (GBG) Mines were suspended by the Mpumalanga Provincial Department of Human Settlements pending outside issues between Mpumalanga Provincial Department of Human Settlements, the Dipaliseng Local Municipality and GBG Mines.

Targeted negotiations with the National House of Traditional Leaders (NHTL) and SA Cities Network did not take place because of lack of readiness and non-availability of relevant officials.

#### **Support the National Quarterly Forums and the Social Compacts Task Teams**

The National Quarterly Forums, including the Govan Mbeki Housing Awards, Women and Youth in Housing and the Social Compacts Task Teams were supported.

#### **Stakeholder newsletter**

A stakeholder newsletter was produced and circulated (on a quarterly basis) to sector stakeholders. Comments from stakeholders, on specific articles of the newsletter, were acknowledged and dealt with accordingly.

#### **Stakeholder database**

A stakeholder database was developed and updated bi-annually.

The Department has initiated a process to kickstart an enabling environment for small/medium construction entrepreneurs. During the period of April 2010 to June 2010 the Department hosted Emerging Contractors Conferences in all nine provincial departments. The aim of the conferences was to open dialogue with emerging contractors to come up with resolutions on how the Department, in its endeavor to ensure delivery of quality human settlements, empowerment of emerging contractors and at the same time job creation, can work in collaboration with emerging contractors and the construction sector at large.

During the nine Provincial Department, what emerged strongly was the development of the Emerging Contractor Mentorship Framework Document, National Stakeholder Forum and Provincial Stakeholder Forums. Thus far, the Department has developed the Framework Document that it is to be implemented nationally by all provincial departments.

The Framework Document proposes that, per year, 135 emerging contractors companies with at least four (4) employees each, be trained in classrooms, on site. In total, 675 job opportunities would have been created during the process. Furthermore, each employee - including the owner of the company - would receive a certificate of trade, indicating work specialty, e.g. "certificate in plumbing". It is envisaged that the National Stakeholder Forum would be held on an annual basis and the Provincial Stakeholder Forum held



on a bi-annual basis. The National Stakeholder Forum will be held during this year to endorse and formalise the relationships envisaged, as well as the deliverables of the Framework Document.

In 2007, the Department entered into an MOU agreement with the Development Bank of South Africa (DBSA). The intent of the MOU was for DBSA to support the Department's projects through capacity assistance in the profession of engineers, town and regional planners, programme managers and financial experts. Secondly, the intent was to support the Department in leveraging finance for bulk infrastructure for the Department's National Priority Projects. Thirdly, the intent was to collaborate, on a big scale, projects utilising alternative technology systems. Lastly, to collaborate on research and best practices. Thus far, the Department has received and still receives assistance in Eastern Cape, Gauteng, Free State, Limpopo, Western Cape and North West. Assistance is still to be provided to other provincial departments, i.e. Northern Cape and KwaZulu-Natal in the next financial year. On funding for bulk infrastructure, the Department is engaging with DBSA on two national priority projects. The Department has already started plans and work with DBSA in two provinces utilising alternative technology systems.

Sponsorship was obtained for the 365 National Action Plan to End *Violence Against Women and Children* - roofing of two houses and for hard hats used during the 16-day campaign. For the Women's Build, sponsorship of 5 computers, 1 laptop, 2 printers and a DVD player for Reboneilwe Secondary school in North West from FNB were secured. In addition, a voucher for hotel accommodation was also secured for a speaker from the company Travel with Flair. Finally, donation of two solar geysers for Women's Builds was also secured from Veralli Energy Solutions.

In October 2010, the Department launched a 1 553-unit project in Rustenburg in collaboration with Impala Platinum Mine, National Housing Finance Corporation (NHFC), Rustenburg Local Municipality, Bojanala District Municipality, as well as the North West Provincial Department of Human Settlement. It is one of the projects that showcase the intense relationship of the Department with the private sector; 700 units were built for Impala Platinum employees utilising the Finance Linked Subsidy programme for employees earning between R3 500 and R7 000 per month. On December 13, 2010 the unit supported the handover of two houses to two disabled beneficiaries in the Masiphathisane PHP Housing Project in Nyanga, Cape Town.

On 19 August 2010 the President of South Africa, His Excellency Mr Jacob Zuma, visited the area of Struisbaai. The area is an old township establishment of about 700 households. All houses are semi-attached to one another. During this visit, the President visited nine families in Struisbaai and six families in Arniston. He committed to make available wheelchairs to all the family members in the 15 families who were disabled. From these 15 households, the Marthinus family in Struisbaai was promised to be assisted with a house. On December 2, 2010 the unit undertook a site visit to Struisbaai in order to assess the area and with a view of developing the Department's response regarding the pronouncements made by the State President.

On December 12, 2010 the Department for Women, Children and People with Disabilities held a handover event to ensure that Sias (junior) and Shahieda, together with other needy people with disabilities, receive wheelchairs; also one hydraulic hoist to assist Sias and Shahieda. The Department of Human Settlements engaged the National Home Builders Registration Council (NHBRC) to secure the sponsorship to build Marthinus a family house. On February 16, 2011, the municipality offered the family an accessible municipality chalet at Cape Agulhas as temporary accommodation, while their house was under construction. Construction - including installation of finishes - was concluded on March 10, 2011 yielding a three-bedroomed house with veranda, furnished with cupboards and curtains.

The Human Settlement Awards Framework Document was reviewed to be in line with the new mandate of the Department with emphasis on Outcome 8 deliverables.

## Women and youth mobilisation

### Framework for the Empowerment and Participation of Women in Human Settlements Delivery

During this year, commitment was received from Gauteng, Eastern Cape and North West Province on the implementation of the 30 percent target for allocation of projects to women. Meetings were held with Free State and Gauteng to provide advisory support and guidance in terms of implementation of the target.

### Women's initiatives - Women's Build

The Women's Build Project was successfully coordinated in Coligny, Ditsobotla Municipality in North West Province from 13 to 24 August 2010. About 100 volunteers were mobilised from the community to participate in the Build. The MEC for North West officially opened the Build and the Minister addressed the community members, before handing over the houses during the closing ceremony. Various stakeholders from the private sector participated in the Build. Afrisam was the main sponsor as they contributed 7000 bags of cement and pledged to renovate the community crèche. Other key stakeholders include FNB, ABSA, SAWIC, Group Five. In addition, other provinces supported and participated at the Build that includes Gauteng, Free State, Limpopo and KwaZulu-Natal Province. Several planning meetings were held in North West for the Women's Build Project to mobilise resources and support from the private sector. A breakfast session was hosted by the MEC of North West, where she committed to deliver 1956 housing units in rural areas and also for informal settlement upgrading (Outcome 8 priority area). The Province has appointed 35 emerging women contractors to implement the 1965 units.

### List of National pledges for Women's Build 2010 Project

COMPANY NAME	PLEDGE
Afrisam	7000 Bags of cement
SAWIC	Host five (5) houses
Ukhamba Coatings	Painting of 1 complete house 20 x 20lt paint
NURCHA	Safety hats x 150 Safety gloves x 250
NHBRC	Safety hats Safety gear, Inspection; 20 crew leaders
Group Five Everite	Host 2 houses Roofing for 54 houses at 45% discount
ABSA	Host two (2) houses
Coverland: Monier Roofing	2 x Complete roofs (concrete rooftiles & accessories; and steel or timber trusses) 4 x Solar heater geysers
Mino Global Properties	Host 3 alternative-technology houses Solar water geyser Solar water heating
NHFC	Furniture for 5 houses of elderly women
FNB	Host a house Financial management course Furniture for 2 completed houses

The following stakeholders sent through their employee teams to volunteer their time, to build the houses:

- ABSA - 30 employees
- Afrisam - daily team of 18 employees
- FNB - 120 employees
- Group Five - 45 employees

#### **Women's Build Aftercare Programme**

The sub-programme coordinated an Aftercare Programme for the Women's Build project that was hosted in North West. Sponsorship was secured from Group Five (pledge for a security cottage for Reboneilwe Senior Secondary School), FNB (office equipment) and Afrisam (renovation of creche). The Deputy Minister of Human Settlements jointly, with the MEC for Human Settlements and Lichtenburg Mayor, as well as local councilors handed over the sponsored items and visited the houses constructed on the October 30, 2010.

#### **Establishment of Provincial Women Forums**

This target was not achieved due to the fact that the unit is still awaiting dates from provinces on presentation of approved framework and implications thereof to executive management. Provincial Forums did not take place as structures are inactive. Hence the target was revised.

#### **National Women in Human Settlements Forum**

A National Women in Human Settlements forum was hosted in Witbank, Mpumalanga; this was attended by various representatives from provinces. A WIHS Forum meeting with representation from Provinces was coordinated and hosted in Pretoria.

#### **Mentorship**

A draft Incubator-and-Mentorship Programme has been developed and incorporated in the emerging contractor development framework.

#### **Advisory support**

During the period under review, the unit participated in the Khuthaza workshop and Gauteng Departmental Workshop. Furthermore, the Unit also provided support to the Presidency on the following programmes and activities of the National Gender Forum:

- Women in Informal Cross-Border Trade
- UNCSW Country Report - New York
- 16 Days of Activism on Violence Against Women and Children
- Mock Trial
- National Gender Machinery meetings.

Advisory support was rendered to various stakeholders through participation in empowerment activities. This includes: Khuthaza Empowerment workshop (Rivonia); Gauteng Provincial Department of Human Settlements Young Women in Construction workshop (Ivory Park); and Free State Provincial Department of Human Settlements Women in Construction Roundtable (Bethlehem). Further, a meeting was held in Eastern Cape (East London), where a presentation on the WIHS framework was made.

Challenges experienced in terms of reporting and performance include the lack of system for accurate reports to measure the realisation on access to projects by women, to realise the 30 percent target as well as 100 percent initiatives. Provinces have alluded that this is due to inadequate figures from supply chain.

#### **16 Days of Activism Campaign on No Violence against Women and Children**

The Department implemented the campaign in Western Cape and KwaZulu-Natal. Support was also rendered to Free State Province. All provinces submitted inputs regarding their plan for the 16 days. High-level delegation of Ministers from various National Departments and from provinces and local councilors

attended the closing ceremony in Durban, KZN on December, 10. The Deputy Minister of Human Settlements, jointly with the Minister for Women, Children and People with Disabilities, KwaZulu-Natal Premier, KZN Human Settlements MEC handed over the two houses in Shongweni Dam and St Wendolines that were donated for victims of gender-based violence.

The table below highlights items sponsored by the private sector

COMPANY NAME	CONTRIBUTION
Dezzo Holdings	1 x House for Magcaba family, including renovation of a two-bedroom flat
	Employment of Magcaba's son
	Educational support for Magcaba's daughter from Grade 8 -12 through company's Adopt-a-Scholar Programme
Stedone Civils	1 x House for Nxusi family
Everite/Group Five	Roofing for two houses; ceiling for two houses Catering for 30 volunteers on-site
Department of Agriculture, Forestry and Fisheries	Food garden for Magcaba and Nxusi families Food garden for Dhladla family Community garden - Shongweni Dam
Department of Cooperative Governance	Free basic services Registration of families as indigent
Department of Social Development	Food parcels/Social relief Family counseling

#### **Framework for the Empowerment and Participation of Youth in Human Settlements Delivery**

During this quarter, support was rendered to Gauteng, Free State, Western Cape and Mpumalanga on implementation of framework. MOA of NHBRC as implementing agency for the Youth in Human Settlement Programme was signed.

#### **YouthBuild Project (Ivory Park)**

The Unit had a successful implementation of the YouthBuild project in Ivory Park where youth and stakeholders constructed 76 houses to commemorate the 1976 youth uprisings. The youth and various stakeholders from the private sector and Government officials participated in the Build. The Build was a partnership project of City of Johannesburg, National Youth Development Agency, Provincial Department of Gauteng, YouthBuild International and National Department of Human Settlements. The Deputy Minister with a team from the Ministry and Director-General actively participated in the construction of housing units, as well as the tree planting and food gardens. In addition, officials from Human Settlements planning, transformation, communication, implementation support, monitoring and evaluation, corporate support sections participated in the Build. About 89 volunteers were mobilised and participated in the YouthBuild. Sponsorship was raised from various stakeholders for tools, training and material. The President of the Republic of South Africa applauded the youth that participated in the Ivory Park YouthBuild. The volunteers were also awarded certificates of participation.

Various stakeholders pledged sponsorship which includes a pledge by Construction CETA for R1.3 million, for new venture creation and R20 000 for building tools by FNB.

#### **Exit opportunity**

A highlight of the sponsorship raised during the YouthBuild project include commitment of R1.3 million on new-venture creation for 89 youth from Construction CETA, as well as employment of 10 youth by Mino Global as exit opportunity for the youth.

### **Advisory support**

Furthermore, advisory support was rendered to Gauteng (Tshwane Municipality), Western Cape, Mpumalanga Province in implementing the Youth in the Human Settlements Programme. Support was rendered to the Department of Women, Children and People with Disabilities which culminated in a partnership for the 16 Days of Activism Build.

The Unit represented the Department together with Communications at the Youth Day Celebrations in Mpumalanga Organisation (June 16) by the Presidency. A number of visits were done to provinces to provide support in terms of roll-out. That includes Western Cape, Eastern Cape, Mpumalanga, Northern Cape and Gauteng. The sub-unit also participated in the coordination of the Women's Build Programme. A concept document was developed for the planned Youth Summit as Ministerial directive.

On December 2, 2010 the Unit undertook a site visit to Struisbaai in order to assess the area, with a view of developing the Department's response regarding the pronouncements made by the State President.

A request was received from the Presidency to assist the Marthinus family whose children are disabled by extending their house to be accessible for people with disabilities. On the February 18, sponsorship was requested from NHBRC to extend a house for the family. As a result, of the said sponsorship the house was extended.

On the March 8 a meeting was convened between Afrisam and Stakeholder Management; the purpose of the meeting was to sustain the relationship and maximise the impact. Some of the resolutions taken by the meeting include Afrisam to sponsor by providing a Project Manager to the Human Settlements Builds or other projects. As such, both parties agreed to enter in to a Memorandum of Agreement.

Coordinated and participated in a meeting with the Ministry of Construction from Israel, facilitated by the National Youth Development Agency (NYDA) on sharing lessons and experiences. Advisory support was rendered to Department of Women, Children and People, KwaZulu-Natal Province, Northern Cape Province, Northern Cape, Eastern Cape, Western Cape and Free State.

### **National Youth Forums**

During this year, two Forum meetings were held in Pretoria and Witbank.

### **IMPLEMENTATION SUPPORT**

The White Paper on Basic Household Sanitation was promulgated in September 2001. This paper specifically dealt with the policy issues related to the provision of basic household sanitation services. In addition various legislation and Parliamentary Acts have been issued that address aspects of sanitation, including institutional responsibilities, particularly those of Water Services Authorities (WSAs), regulatory aspects, and environmental protection.

It has become increasingly evident that in South Africa there is a need to revise current policy to accommodate aspects to the delivery of sanitation that have arisen as a result of the changed service delivery environment and priorities since 2001, and to address gaps identified by the sector. It is also necessary to provide supporting strategies and guidance on the implementation of existing policy, as well as new policy that will be formulated.

The NSPU planned to produce a final draft of the revised Basic Household Sanitation Policy to be approved by the Minister and the Cabinet during the financial year 2010/2011. This target was not achieved due to the delay on procurement to appoint the professional service provider. Stakeholder consultation took place; the Unit held internal consultation with the following directorates within Department of Human Settlements: Policy, Legal Services and Regional Coordinators. It has consulted also with the following Directorates in the



Department of Water Affairs: Regulations, Water Services Policy and Strategy, Planning and Information, and Sector Development. Bilateral meetings were also held with South African Local Government Association (SALGA) management and SALGA Technical Task Team.

The NSPU also managed to meet with key provincial stakeholders in the Eastern Cape, Free State, Limpopo, Mpumalanga, Gauteng and Northern Cape, North West to plan and agree on the approach for provincial stakeholder consultation. Two stakeholder consultation workshops were held with stakeholders in Northern Cape and Free State to gather inputs on the framework. A national Task Team was established to oversee and guide the review process. The Task Team comprised of the following stakeholders: Department of Water Affairs, Human Settlements, Cooperative Governance, Water Research Council, Education, Health, Public Works, Mvula Trust, Rural Development and Land Affairs. A drafting team was established and consists of DHS National Sanitation, DHS Policy, DWA Policy and Strategy, DWA Regulations and SALGA. The purpose of the drafting team is to analyse all inputs received from stakeholders and ensure that they are adequately captured in the revised policy.

The discussion document and the preliminary framework for sanitation policy which is used for provincial stakeholders' consultation were developed. The conceptual policy framework seeks to capture the core policy components faced by municipalities in tackling sanitation improvement, so as to then gather additional inputs, through extensive regional consultations, towards the revision of the National Sanitation Policy Framework for South Africa.

#### **ADVOCACY AND INFORMATION DISSEMINATION**

The NSPU target was to roll out Free Basic Sanitation to 30 percent of the 41 identified municipalities and it managed to increase roll-out to 63 percent. One-on-one engagement meetings were held with Water Services Authorities (municipalities) in Gauteng, North West, Northern Cape, Free State, Western Cape, Limpopo and Mpumalanga during the financial year. The following municipalities were reached: Western Cape (Drakenstein, City of Cape Town, Langeberg and George); Limpopo (Mopani District Municipality and Lephalale); Gauteng (City of Johannesburg, City of Tshwane and Emfuleni); Northern Cape (Kamiesberg and Khara Hais); Mpumalanga (Mbombela, Steve Tshwete, Umjindi, Chief Albert Lithuli, Govan Mbeki and Dr J.S. Moroka); North West (Moses Kotane, Dr Ruth Mompati, Ventersdorp, Moretele and Kgetleng Rivier); and Free State (Kopanong, Mangaung, Mafikeng, Phofung, Masilonyana and Metsi Maholo).

Apart from the municipal one-on-one engagements, draft municipal plans/packages have been developed, informed by the findings gathered during the one-on-one engagements. The support plans are unique to each municipality and will be discussed with provincial key stakeholders, on how the support will be provided during the second phase of the roll-out. Draft free basic sanitation newsletter and free basic sanitation questions and answers brochures have been developed. The questions and answers are aimed at educating the public in free basic sanitation. The NSPU is also collaborating with the Department of Water Affairs in conducting Councillor Induction Workshops for the newly-appointed councillors.

The induction will focus on water and sanitation business. One-on-one meetings were also held with Department of Cooperative Governance (DoCG) officials and SALGA at selected provinces to establish the kind of support that is currently being provided to municipalities, generally on free basic sanitation services. The process of aligning the Sanitation Costing Guideline, Sanitation Technology Options Guideline and the DoCG Industry Guide has started. As part of the information dissemination process, the NSPU has also produced the first draft of the bi-yearly Sanitation and Hygiene Newsletter which is aimed at profiling progress made nationally to deliver sanitation infrastructure, hygiene education and other related activities.

With regard to information management communication and marketing strategy, the NSPU have implemented communication and marketing strategy, and the production of workplans for the campaigns. Cam-



campaigns were implemented in various ways, including production of leaflets, posters, pamphlets and through display-mounted exhibitions. Door-to-door campaigns were of major importance as it brought officials closer to beneficiaries.

#### **INTER-DEPARTMENTAL COORDINATION**

The NSPU reached 27 485 people with Health and Hygiene through Rural Household Infrastructure Programme (RHIP) and 42 130 people were reached through Accelerated Community Infrastructure Programme (ACIP) during the financial year. The above-mentioned figures of health and hygiene are calculated, based on the number of household served multiplied by 5 people staying in the house. Health and hygiene user education is conducted by the Water Services Authorities in the regions. Regional sanitation coordinators are also participating to the Health and Hygiene activities, e.g. WASH programme. More people were reached through WASH campaigns, i.e. partnering with Colgate and Palmolive, the Health Department and UNICEF. Through the partnership of NSPU with Colgate and Palmolive, the biggest soap has been made and it is in the Guinness Book of World Records. The Tell a Friend Card has been introduced to reach more people for awareness on health and hygiene issues. Western Cape Regional Office has reached 14 139 people through Tell a Friend Campaign and health and hygiene awareness.

In Gauteng Health and Hygiene were done during Baswa le Meetse provincial schools competitions. The competitions were held in Gauteng in different areas, such as Tembisa, Sebokeng, Kwa-Thema, Mamelodi, Dobsonville, Kagiso, Katlegong, Hammanskraal, Garankuwa, Soshanguve and Atteridgeville. Tell a Friend competitions were held in three schools in Gauteng and a total number of 1 800 learners were reached. Communities were informed about good health practices and the formation of street committees in Kroonstad helped to promote health and hygiene and to guard against illegal dumping. All provinces have launched Tell a Friend Card in schools. The Global Handwashing Day was celebrated by all provinces and the national event was held at Eastern Cape Province in partnership with the Department of Health and UNICEF. NSPU managed to reach more people through radio broadcast in all languages and partnered with UNICEF. All regional WASH Workplans were developed during the financial year. In order to shape global agenda of sanitation, to influence policies and funding in the global arena, support was provided to AMCOW, NEPAD, Stockholm, WSSCC, CSD and WWF by the National Sanitation Manager.

#### **JOB CREATION**

The National Sanitation Programme Unit (NSPU) job-creation project facilitates provision of job opportunities to improve the quality of life and alleviate poverty. A total number of 37 856 training opportunities were provided through the sanitation implementation programme. Out of 37 856 a total number of 21 604 were youth; 40 learners have been registered in the SMMEs database in Inkomazi Local Municipality. In addition, a total number of 798 youth have been screened for training in 7 provinces, whilst the NSPU is still awaiting funding proposals to be approved by the Energy Sector Education and Training (ESETA) and Construction Education Training Authority (CETA). A strategic partnership has been forged with the Development Bank of Southern Africa (DBSA) to ensure support to each other's key focus area. A total number of 1 310 man-hour jobs created through RHIP programme, whilst a total number of 30 453 were created through job-creation related projects.

#### **CAPACITY BUILDING AND TRAINING**

The NSPU planned to review sanitation qualification during this financial year; the review never took place due to the new Sector Education Training Authority (SETA) landscape that was presented by Minister of Higher Education and Training in June 2010. Most of the Standard Industrial Codes were transferred from one SETA to another and the review was put on hold. SETA was supposed to fund the initiative and it was unsure whether their re-certification would be finalised; they could not commit any budget for the review of qualifications. The Qualifications on Water and Waste Water Reticulation, NQF level 2, 3 and 4 have been reviewed, developed and registered or re-registered with South African Qualification Authority (SAQA). The

Learnerships were amended, developed, registered with the Department of Labour (DoL), i.e. National Certificate in Water Reticulation, NQF 2, 3, 4 and National Certificate in Wastewater Reticulation, Level 2, 3 and 4.

The NSPU supported the municipalities to access skills development grants, especially those who are unable to deliver training due to financial constraints. Those municipalities were identified in Free State and the funding proposal was put together to address challenges in sanitation training needs. The draft proposal is readily available and the beneficiary municipalities need to confirm and agree on the information supplied so that it is submitted to ESETA for endorsement and then to be approved by National Skills Fund (NSF) of the Department of Higher Education. The training of process controllers took place in Gauteng and 32 assessors were retrained, coaches training completed, 108 learners enrolled in Water and Wastewater Treatment Operations, NQF 2 Learnership (100 learners completed the programme, 3 learners dropped out and 3 learners moved to the skills programme and learnership programme), comprising of 137 credits.

The Local Government Sector Education Training Authority (LGSETA) has appointed three training providers who are implementing the training of process controllers for both water and wastewater treatment works. The three providers are responsible for three regions and work has started in Limpopo, Mpumalanga, Northwest, Free State and Northern Cape. The NSPU support research in sanitation and the activity was well coordinated by the Cape Peninsula University of Technology and the Water Research Commission. There is a research that was initiated by the Water Research Commission and Cape Peninsula University of Technology, titled: The evaluation of the user acceptance and functioning of mobile communal sanitation facilities - A case study of Cape Town. The first draft was submitted for comments by the reference group and the research team is incorporating all the comments onto the draft and the final document. The challenge is to make funds available to implement the findings of the research and also share them with all stakeholders.

The NSPU compiled a business plan to bridge the engineering skills gap by recruiting through the Cubans Technical Support Programme. The business plan was compiled; awaiting the approval by the Minister so that the NSPU could recruit engineers in Cuba from the beginning of April 2011. Challenges were faced regarding the turnaround time to approve the business plan, since it is behind schedule.

#### **MONITORING AND EVALUATION**

The NSPU Monitoring and Evaluation (M&E&R) consolidated four quarterly reports and gave inputs to the Annual Report of the Department during the financial year 2010/2011. The NSPU held monitoring and evaluation and reporting support meetings with Mpumalanga, Western Cape and North West regions to discuss reporting requirements for the financial year. The NSPU annual performance plan and M&E&R support meetings took place in Mpumalanga, Western Cape and North West regions to discuss reporting requirements.

Site visits were conducted in KwaZulu-Natal, North West and Limpopo to verify RHIP figures reported by Independent Development Trust. In KwaZulu-Natal the site verification was conducted in Hlabisa local municipality (Bhekabadlentshe and Dwalaneni villages); in Umlalazi local Municipality site verification was conducted in Swanini, Tugela, Entembeni and Edakeni villages. In Limpopo site verification was conducted in Mogalakwena local municipality at Nkidikitlane and Ga-Monare villages, whilst in North West site verification was conducted in Madibeng local municipality in Madidi village.

Site visits to attend to the Accelerated Community Infrastructure Programme and Municipal Infrastructure Grant Programme were also conducted in: Mpumalanga (Cork, Belfast, Thulane, Ronaldsey, Croquetlawn, Sommerset, Lillydale and Tsuvulani village); Limpopo (Madombiza Extension 1 and 2, Rathidili, Magau, Tshiozwi, Tshilongoma, Mukhomi, Itsani, Lada, Madebani, Mufeba, Vhufuli, Tshikudini, Tswinga and Manamani village); Eastern Cape (Mbulu, Mbulukweza, Gcibhala and Ntsume village); North West (Reagile Exten-

sion 6 & 7, Jakaranda and Brakfontein, Rulaganyang, Leeudoring Extension 5 and Lebaleng Extension 5); Northern Cape (GaMasepa, GaLothare and Deerward village). The NSPU have appointed a Professional Service Provider on July 27, 2010 to conduct a nationwide sustainability assessment on sanitation facilities provided by the sector, i.e. Water Services Authorities, Departments of Basic Education (DBE), Health (DoH), Human Settlements (DHS), Cooperative Governance and Traditional Affairs (CoGTA) and their counterparts in various municipalities in South Africa, covering the period from April 2005 to December 2009. The nationwide sanitation sustainability assessment will be done to establish the acceptability, functionality and sustainability of sanitation structures provided by the sector from technical, social and institutional perspectives in all nine regions. The assessment is carried over to assess the functionality of sanitation facilities in terms of physical size of the sanitation structures, to assess structural integrity of sanitation structures in terms of determining the extent of settling and tilting, to assess the possible location of various sanitation facilities in comparison with attitudes of users and the location of facilities in terms of technical guidelines, to assess whether Health and Hygiene education is being practiced by users of facilities (e.g. any hand-washing facility around the facilities), to assess whether toilet facilities are not used for other purposes (e.g. as storerooms or as dumping pits), to assess whether the toilet facilities are full; are they adequately maintained or kept in a clean and hygienic condition), to assess the health and social impact of the programme at household and community level.

The assessment questionnaires, literature review and research manuals were compiled and submitted to the Department for the study. Training of fieldworkers took place in the municipalities and the sampling strategy was approved by NSPU management on the February 11, 2011. The contract of the professional service provider conducting Nationwide Sanitation Sustainability Assessment expires end of July 2011 and the final report with findings and presentation will be produced. A risk management survey was conducted to establish the effectiveness of risk management within the Department to find out whether risk management strategies have been properly put in place. Questionnaires were distributed to NSPU officials and their responses were submitted to the Department's Risk Management Directorate.

#### **TECHNICAL SUPPORT**

The NSPU have attended Technical Appraisal Committee meetings to evaluate Municipal Infrastructure Grant Projects Technical Reports. The meetings were held in the following regions: Gauteng, Limpopo, North West, Northern Cape, Mpumalanga and Western Cape. Technical training workshops were conducted to train the municipal technical staff and financial officers to fulfill skills needed for preparation of the Technical Report. Technical Report evaluation was done and recommendation letters provided by the NSPU for MIG projects.

## Service Delivery Achievements

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Develop and maintain human settlement programmatic planning frameworks and instruments	Human settlement planning frameworks and instruments are developed and maintained	Review the National Programme for Human Settlement Chapters of Integrated Development Plans	<b>Not Achieved</b>	Terms of Reference for appointment of a service provider sent to the Director-General for approval. Awaiting response.
		Maintain framework for Human Settlements Planning	<b>Not Achieved</b>	Framework (now called Part D of the APP) has been sent to the Director-General for approval
		Multi-year National Human Settlement Development Plan submitted	<b>Not achieved</b>	7 Provincial Multi-Year Housing Development Plans have been received. In order to compile the Multi-Year National Human Settlement Development Plan, nine (9) Plans were required
Support the implementation of human settlement development design and spatial planning at provincial level	Support to PHDs i.r.o. human settlement development design and spatial planning is provided	Support, guide and review Provincial Multi-Year Human Settlement Development Plans	<b>Target Achieved</b> Gauteng, Mpumalanga, Northern Cape, Eastern Cape, Free State, Western Cape, and Limpopo Provinces supported, guided and reviewed	
		Information for the compilation of a Multi-Year National Human Settlement Development Plan provided	<b>Not Achieved</b>	7 Provincial Multi-Year Housing Development Plans have been received. In order to have sufficient information to compile the Multi-Year National Human Settlement Development Plan, nine(9) Plans were required
Provide information to provinces and municipalities on the strategy to unblock stalled projects	Report on information sessions conducted with provinces	Hold information sessions with 9 provinces on the strategy to unblock stalled projects	<b>Information sessions held with six (6) provinces on June 9, 2010 and with eight (8) provinces on December 9, 2010</b>	

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Develop and maintain human settlement programmatic planning frameworks and instruments	Human settlement planning frameworks and instruments are developed and maintained	Review the National Programme for Human Settlement Chapters of Integrated Development Plans	<b>Not achieved</b>	Terms of Reference for appointment of a service provider sent to the Director-General for approval. Awaiting response
		Maintain framework for Human Settlements Planning	<b>Not achieved</b>	There are two major frameworks. The first Framework (now called Part D of the APP) has been sent to the Director-General for approval. Awaiting response.  The second is the Business Plan Framework; this financial year was managed by National Treasury.
		National Human Settlement Development Plan submitted	<b>Not achieved</b>	Nine (9) Plans required to compile the National Human Settlement Development Plan. Only seven (7) were received.
		National Conditional Grant Business Plan submitted	<b>Target achieved</b>  National Conditional Grant Business Plan submitted and signed by Director-General	
		Institutional alignment with other sector departments maintained	<b>Target achieved</b>  Institutional alignment with other sector Departments (National Treasury, Department of Cooperative Governance, the Presidency) maintained	
Provide support to provinces and municipalities in diagnosing the reasons for projects being blocked.	Report on the reasons for projects being blocked	Report on the reasons for projects being blocked	<b>Report compiled, based on information received from four (4) provinces. Five (5) provinces did not provide input.</b>	
	Priority list of blocked projects to be undertaken by provinces	Agree on blocked projects to receive support	<b>Target not achieved</b>	Due to discrepancies between provincial and HSS information provinces have not confirmed lists, nor prioritised blocked projects

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Design, in collaboration with provinces and municipalities, recovery plans / interventions to unblock projects	Report on recovery plans / interventions undertaken in respect of identified blocked projects	Quarterly progress reports on identified blocked projects	Target not achieved	Target was not achieved due to provincial failure to identify and prioritise projects (target linked to the target above)
Provide information to provinces and municipalities on the strategy to unblock stalled projects	Report on information sessions conducted with provinces	Hold information sessions with 9 provinces on the strategy to unblock stalled projects	The strategy was debated during the Service Delivery Task Team Meeting on June 9, 2010. A follow-up session took place on December 9, 2010.	
Render implementation, co-ordination and facilitation support to provinces and municipalities for projects approved i.t.o the Housing Subsidy Scheme	Agreements with provinces regarding support to be provided	Meet with 9 provinces and relevant stakeholders to determine support to be provided	Meetings were held with 7 provinces to determine support to be provided	Free State and Eastern Cape did not respond to repeated requests for meetings
	Create Early-Warning System (identify slow moving/projects)	Establish Early-Warning System; system used to prevent some projects to become blocked	<b>Achieved</b> The unit is dependent on Management Information Services (MIS) for the development of the Early-Warning System due to linkages with HSS. MIS could not procure the services of a service provider due to the non-renewal of service.	
		Prepare a quarterly report on slow-moving projects in danger of becoming blocked	<b>Achieved</b> Report on slow-moving projects completed	
	Priority list of projects to receive delivery support	Visits/meetings with provinces to discuss projects and determine project support	<b>Achieved</b> Meetings held with Northern Cape and Western Cape	
		Quarterly report on recommendations for support.	<b>Achieved</b> Report with recommendations completed	
Support individuals, provinces and municipalities to develop and implement strategies to improve project implementation	Support to be provided in terms of agreed projects/other matters received, that require assistance	Support/respond to each matter/project that need assistance and make proposals/strategies accordingly to resolve matters/projects	<b>Achieved</b> Project support provided in relation to all 26 projects and proposals on all projects finalised	



Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Support and facilitate the development of upgrading strategies and plans	Agreements with provinces and relevant stakeholders regarding support to be provided on informal settlement upgrading strategies	Meet with the 9 provinces and relevant stakeholders to review and/or amend roles and responsibilities	<b>Achieved</b> Six (6) provinces were met during the Service Delivery Task Team Meeting on June 9, 2010 to review roles and responsibilities. The remaining three (3) were met between 22 and 24 February 2011.	
	Identified priority list of informal-settlement upgrading projects within the relevant provinces to receive informal settlement upgrading support	Visit provinces to determine list of Informal settlement projects to receive support	<b>Achieved</b> Gauteng, North West and Eastern Cape were visited to determine the list of informal settlement projects needing support	
Support provinces and municipalities to implement upgrading strategies and plans	Strategies or plans (Capacity Building / Guidance Tools) prepared and projects supported	Development of upgrading plans in respect of identified informal settlements	<b>Achieved</b> The Informal settlements identified in the City of Johannesburg, Ekurhuleni, Maquassi and Nelson Mandela Municipalities were supported through recommended technical assistance	
		Facilitate and support the implementation of projects upgrading informal settlement	<b>Achieved</b> The following informal settlement projects were supported: Fine Town, Weilers Farm, Thulamntwana, Lebaleng Ext 4, Sakhile, Holomisa, Madelakufa 1, Madelakufa 2, Ivory Park Ward 77, 78 & 79 and Kwanoxolo.	

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Development, management and support implementation of Government's Rental Housing Programmes	Facilitate, support and manage development of 100 000 public and private rental housing units in provinces, in line with the National Rental Housing Strategy and pending provinces approval of funding for rental housing	Support delivery of approximately 20 000 public and private rental housing units in provinces in line with the National Rental Housing Strategy and pending provinces' approval of funding for rental housing	<p><b>Achieved</b> Support facilitation for the development of 20 000 public and private rental units; about 5 600 CRU (public) and 3 100 Social Housing (SH) units are in different stages of construction and planning in all 9 provinces and 16 000 units cover the pipeline.</p> <p>Technical Support (Project Planning, Packaging and Capacity Building) has been provided through eleven (11) Provincial Steering Committee meetings dealing with the state of project packaging and planning issues, SHI capacitation, municipal and provincial capacitation and policy related matters.</p> <p>Support in designation and approval of Restructuring Zones and a national workshop on Spatial Aspects of Planning of Social Housing was held; this yielded 75 Restructuring Zones in 7 provinces.</p> <p>Further support has been facilitated through the SA/Netherlands Technical Assistant Support, an annual implementation plan is in place; 3 Oversight Meetings to review and enhance the support in place.</p>	

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
			<p>Only EC &amp; NC Provinces do not have CRU Projects on the ground, but they were actively supported by attending the PSCs &amp; hosting the workshops to assist them to finalise their planning processes. EC is in the process of developing Feasibility Studies in five (5) towns; two (2) Feasibility Studies have been completed in the Free State.</p> <p>The other provinces were also actively supported by responding to their telephonic, faxed letter queries.</p>	
		Support to rental housing programme implementation through development of approximately three policy enhancing Templates and-Guide Tools provided	<p>The CRU process manual was compiled.</p> <p>WC Rental Housing Strategy adopted</p> <p>Private sector support - support for funding (R16) of Phoenix Project and conversion of project to social housing achieved</p>	
		National discussion papers on three (3) rental housing complementary initiatives developed	<p><b>Achieved</b></p> <p>The Discussion Paper on upscaling of rental housing was submitted for Ministerial approval and presented to MinMEC.</p> <p>Draft documents and various reports on Housing Cooperatives is in place; provided support in the development of a business case and amendment of regulations for co-operatives</p> <p>EEBDS stock audit reports were requested from all 9 provinces &amp; five (5) provinces submitted their reports. The compilation of EEBDS concept paper has not been done, however a number of reports/submissions relating to the conditions of the stock were produced</p>	
		At least four (4) Rental Sector Meetings held per annum through various task teams and forums	<p><b>Achieved</b></p> <p>Four (4) Rental Sector Meetings held through various task team forums</p>	

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Regulatory support and oversight of the rental housing sector and dealing with tenant protection issues	Institutional arrangements for rental housing sector regulation and oversight operations in all 9 Provincial Housing Departments (PHDs)	Oversight of performance of regulatory institutions and support regulatory institution for the rental housing sector in line with the Rental Housing Act, No 55 of 1999 and the Social Housing Regulatory Authority established in terms of Social Housing Act, No 16 of 2008	<p>Four meetings to identify technical support required for the effective management of tribunals were held.</p> <p>The development of the centralised case management system is underway. Technical and business user requirement were developed.</p> <p>Responded to 100 percent of the enquiries received from tenant.</p> <p>Provided an administrative support to the establishment of the Social Housing Regulatory Authority and the process of establishing the regulatory body was concluded.</p>	
Develop, manage, support implementation & oversight of PHP and related	Nine (9) PHDs supported in the delivery of at least 20 000 units by 2013, pending provinces' allocation to implement PHP based on the approved Growth and Implementation Strategy for PHP	Support the delivery of at least 5 000 PHP housing units across the 9 PHPs based on the approved Growth and Implementation Strategy for PHP.	Only four (4) provinces implemented PHP in the 2010/2011 financial year hence only 3 500 units could be delivered. The rest of the provinces have not planned nor budgeted to implement PHP.	Some provinces do not implement PHP (no planning, nor budgeting for the implementation of the Programme)
Manage the liaison and involvement of stakeholders in Human Settlement projects.	Social contracts implemented	Social contract and rural contract strategies implemented	<b>Achieved</b> Social contract and rural compact strategies implemented	
	Targeted agreements signed with stakeholders	Negotiations with identified stakeholders concluded	<b>Not Achieved</b>	<p>Negotiations with Great Basin Gold (GBG) Mines were suspended by the Mpumalanga Provincial Department of Human Settlements pending outside issues between Mpumalanga Provincial Department of Human Settlements, the Dipaliseng Local Municipality and GBG Mines.</p> <p>Targeted negotiations with National House of Traditional Leaders (NHTL) and SA Cities Network did not take place because of lack of readiness and non-availability of relevant officials.</p>

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
	Support the national quarterly forums and the Social compacts Task Teams	Support the National Implementation Forum on: The Govan Mbeki Housing Awards Women and Youth in Housing	<b>Achieved</b> Provided support to the national implementation forum on: •The Govan Mbeki Housing Awards • Women and Youth in Housing and •The Social Contracts Task Teams	
	Production of the quarterly stakeholder newsletter	Stakeholders newsletter compiled and circulated	<b>Achieved</b> Stakeholders newsletter compiled and circulated per quarter	
	Bi-annually update stakeholder database	Develop and update stakeholder database	<b>Achieved</b> Stakeholder database developed and updated bi-annually.	
Manage the collaboration on projects with sector stakeholders	Emerging Contractors Support Project implemented	National Emerging Contractors' Conference organised and Provincial Emerging Contractors' Workshops supported	<b>Not achieved</b> All 9 Provincial Departments of Human Settlements Emerging Contractors' Workshops supported. National Emerging Contractors' Conference not organised.	Framework for the National Conference developed, still awaiting Minister's approval and date for the National Emerging Contractors' Conference
	Signed MOU partnership agreements implemented	Stakeholder implementation guidelines developed and implemented	<b>Achieved</b> Stakeholder implementation guidelines developed and implemented. Two (2) implementation guidelines attached.	
	Production of the quarterly stakeholder newsletter	Stakeholders newsletter compiled and circulated	<b>Achieved</b> Stakeholders newsletter compiled and circulated-quarterly	
		Engaged provincial departments in supporting the implementation process of signed MOU projects	<b>Achieved</b> Engaged the following Provincial Departments: <ul style="list-style-type: none"><li>• Eastern Cape</li><li>• Limpopo</li><li>• Western Cape</li><li>• Gauteng</li><li>• North West</li></ul> In supporting the implementation process of signed MOU projects.	

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
		Engaged stakeholders to participate in the Department's programmes through provinces	Achieved Engaged the following stakeholders to participate in the Department's programmes through provinces: • DBSA • Intersite • HDA • Cape Agulhas Municipality • Department of Correctional Services • Department of Women, Children and People with Disabilities. • Anglo Platinum • NHBRC • NHFC • Impala Platinum • Khanyo Contractors • AlternativeTech	
			Stakeholders seeking audience with the Department. Evidence attached on all engagements	
Support towards obtaining land for human settlement	Conclude agreements for cooperation and facilitation of State land release	Number of Implementation Protocols signed	Two Implementation Protocols signed with Minister of Public Works and Minister of Rural Development	
	Fast-tracking the release of State land for human settlement	Minimum of 2 150 net hectares of State land signed off and released to the HDA and municipalities	Achieved To date 33000 hectares of State owned land has been submitted by the HDA for release by custodian Department. Referenced on HDA Quarter 3 Report, page 16; HDA quarterly reports submitted to unit as evidence for monitoring implementation of 2 150 net hectares of State land	To date 33000 hectares of State owned land has been submitted by the HDA for release by the custodian Department. Referenced on HDA Quarter 3 Report, page 16; HDA quarterly reports submitted to Unit as evidence of monitoring implementation of 2 150 net hectares of State land
	National Govan Mbeki Human Settlements Awards organised	Annual Awards coordinated	<b>Not achieved</b>	Annual Awards not coordinated due to the review of Human Settlements Awards Framework draft submitted for approval
	Coordination of Provincial Govan Mbeki Awards supported	Provincial Govan Mbeki Awards Plans supported	<b>Not achieved</b>	Provincial Awards not supported due to the review of Human Settlements Awards Framework



Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
	Cooperation protocols of implementation signed	Mobilised stakeholder support towards Housing Awards and Builds	<b>Achieved</b> Sponsorship of Women's Build & 16 Days of Activism: FNB, Travel with Flair, Group Five, NURCHA, NHBRC, and Veralli	
Manage the Empowerment and Support to Women and Youth in Human Settlement programmes	Women in Human Settlements (WiHS) programme implemented	WiH Settlements Framework approved and implemented	<b>Achieved</b> Framework approved and revised commitment received from Gauteng, Eastern Cape, Free State and North West to implement Framework target.	Framework approved and implemented at provincial level  (HSS developing a tool for accurate reporting by provinces on women empowerment ;30% target)
		30% empowerment quota report submitted	<b>Not Achieved</b>	System to track achievement of target not yet in operation.
	Mentorship programme model approved	Mentorship programme model for WiH Settlements developed and implemented	<b>Achieved</b> Programme developed and incorporated in the emerging contractor framework	
	% of WiHS initiatives supported	100% roll-out of housing units delivered through Women Initiatives during Women's Month	<b>Achieved</b> Women's Build coordinated in North West, Coligny, Ditsobotla Municipality. 1 956 Units constructed to commemorate the 1956 Women's March. Stakeholders mobilized through sponsorships to support the Build. Key Partnerships established with ABSA, DEVCO, FNB, Coverland, Afrisam, SAWIC, Phumken, Mino Global, Everite and Group Five. These stakeholders hosted houses for the Build. Other Housing Institutions such as NHFC, NHBRC and NHRLF also pledged support during the build. Provinces such as Gauteng, Free State, Limpopo and KZN also participated actively through resource support in the build. Other key Departments included Department of Agriculture, Forestry and Fisheries and Social Development.	

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
			<p>Minister handed over the houses.            Aftercare programme implemented for the Women's Build. Afrisam renovated a community crèche and FNB sponsored office equipment for community school.            Deputy Minister handed over the new facilities with key stakeholders.            16 Days Programme coordinated jointly with Department of Women, Children and People with Disability. All provinces coordinated the 16 Houses in 16 Days Project. The opening ceremony was held in Western Cape and closing Ceremony in KwaZulu-Natal. Various stakeholders pledged support during 16 Days House Build in KZN (Shongweni Dam and St Wendolines).</p> <p>This includes Everite, Dezzo Holdings, Ste-done Civils, Department of Agriculture, Forestry and Fisheries, Department of Cooperative Governance, Department of Social Development</p>	
	Number of reports on WiHS Forums	<p>National and Provincial Women in Housing Forums coordinated and supported</p> <p>Advisory support rendered to sector stakeholders</p>	<p>Two (2) national forums coordinated.            Advisory support rendered to Department of Women, Children and People with Disabilities, (National Gender Machinery, 16 Days Campaign, UN Commission on Status of Women Report, Women in Informal Cross-Border trade), Khuthaza (Gauteng Departmental Workshop on Young Women in Construction), Free State (Women in Construction Roundtable), Eastern Cape – Presentation of the Women in Human Settlements Empowerment Framework.</p>	<p>Provincial Forums structures are inactive.</p> <p>Two Forums were not held related to poor attendance of representatives from other provinces.</p>

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
	Youth in Human Settlements (YiHS) Framework implemented	YiHS Framework implemented	<b>Achieved</b> Implementation support provided to Gauteng, Western Cape, Free State and Mpumalanga	Framework approved and implemented at provincial level (HSS developing a tool for accurate reporting) by provinces
		100% housing units delivered through youth initiatives during youth month	<b>Achieved</b> 100% housing units delivered through youth initiatives during youth month Youth Build initiative in Ivory Park. At least 100 youth participated in the construction of 76 houses to mark the 1976 youth uprisings in Ivory Park.  Youth in Human Settlements (YiHS) Programme implemented in provinces using the National Youth Service (NYS) Model. Programme implemented in all provinces except North West due to provincial challenges. NH-BRC implementing agent and programme implemented jointly with National Youth Development Agency (NYDA)	HSS developing tool to capture reporting on youth housing projects in line with 20% target.  100% Housing units delivered through youth initiatives during youth month YouthBuild initiative in Ivory Park.
			Youth Build project implemented in Ivory Park. At least 100 youth participated in the construction of 76 houses to mark the 1976 youth uprisings in Ivory Park	
			The project is implemented jointly with City of Johannesburg, Gauteng Department of Human Settlements, NYDA and Youth Build International (USA). Deputy Minister and Director General actively participated in the construction of the houses. Other stakeholders involved that pledged support includes construction CETA, NHBRC, and DAFF.	
		Exit Opportunity Strategy developed and implemented	<b>Achieved</b> New venture Creation pledge from construction CETA and absorption of 10 youth from Mino Global, housing scholarships awarded to some of KZN YiHS-NYS participants	Exit strategy developed and implemented at provincial level

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
		100% housing units delivered through Youth Build Projects	100% housing units delivered through Youth Build Projects Ivory Park through construction of housing units by young people during youth month	
		National and Provincial Youth in Housing Forums coordinated and supported	Two national youth forums coordinated in Gauteng and Mpumalanga	Provincial forum structures inactive
		Provincial Youth in Housing Forums supported	Youth Day celebrations supported in Mpumalanga; Special Housebuild constructed for Marthinus family in Struisbaai after President Zuma visited the family. This was implemented in partnership with Department of Women, Children and People with Disability and Department of Correctional Services (Youth).	
		Advisory support rendered to sector stakeholders	Participated in a meeting with the Ministry of Construction in Israel which was facilitated by NYDA and supported by Gauteng Department of Human Settlements. Site visits done in Knysna and Plettenberg.	
Manage training and skills development aimed at building capacity within the sector	Training and skills development programmes developed and implemented	Training and skills development programme implemented for Government officials, beneficiaries, artisans and military veterans	<p>Training and skills development programme implemented for Government officials; (through the Sustainability Communities Support Programme and the Wits Business School Certificate; Annexure 1 &amp; 2); beneficiaries (community members and councilors were trained through the Sustainable Communities Support programme - Annexure 1).</p> <p>Beneficiary Empowerment Training Programmes in partnership with provincial departments implemented. 1846 Beneficiaries trained. Impact Assessment Tool developed; booklet for frequently asked questions (FAQs) developed and distributed to provinces. Annexure 6.</p>	<p>Training for Military Veterans was not achieved as the Military Veterans organisations failed to submit a database of military veterans who would undergo training (see B2 of Section B of the Military Veterans Programme Meeting; Minutes of February 15, 2011).</p> <p>Training for artisans was not achieved as CETA accreditation for NHBCC (whom we were to partner with in the training programme) was not finalised in the previous financial year.</p>

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
		Implement training programme for emerging contractors.	<b>Not Achieved</b>	Target has been deferred pending finalisation of the Departmental Turnover Strategy.
Support professional development within the sector	Sector professional development programme implemented	Sector professional developmental programmes developed and implemented, aimed at the professionalisation of the sector	<ul style="list-style-type: none"> <li>• The induction workshop for the new scholarship beneficiaries was held from 28 to 30 January 2011.</li> <li>• Registration for all scholarship beneficiaries for the 2011 academic year has been facilitated.</li> <li>• Student invoices received have been processed for payment.</li> <li>• Visits to institutions of higher learning to monitor the performance of the scholarship beneficiaries and support them have been conducted.</li> <li>• Engagements with the senior management teams of Provincial Human Settlements Departments on the placement of students have been held</li> </ul> <p>The programme has been marketed during the Education Week at Emperors Palace and during the Taung Road Show.</p> <p>Inputs on the draft scholarship policy have been received from eight (8) provinces. They will be consolidated and the draft policy finalized when all provinces have been consulted.</p>	<p>The programme could not market the programmer through Cell C Career Expo Road Shows.</p> <p>Consultations with the province will be held shortly.</p> <p>The programme could not market the programmer through Cell C Career Expo Road Shows.</p> <p>Consultations with the province will be held shortly.</p>

Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Develop sector institutional capability	Framework for Institutional Capability Development Programme developed and implemented	Implement and maintain Framework for Institutional Capability Development Programme	<p>The Framework for Institutional Capability Development Programme was implemented and maintained through the following activities:</p> <p>Provided hands-on support during the development of Capacity-Development Business Plans by the Northern Cape and North West provinces.</p> <p>Quarterly progress reports on the implementation of Capacity Development Plans by provinces were evaluated and a report compiled for feedback and support.</p> <p>Four (4) sessions of the Capacity Development Task Team were facilitated for provinces and housing institutions to share best practices and challenges.</p> <p>A Knowledge Management Framework was developed and approved.</p> <p>The recruitment of Cuban technical advisors by Mpumalanga Province and the Sanitation Unit was facilitated; Terms of References for the recruitment were developed.</p> <p>Four (4) National Committee sessions of the South Africa Cuba Technical Support Programme (SACTSP) were facilitated for participating provinces to share best practices and challenges on the implementation of the programme.</p> <p>Workshopped three (3) provinces on how to develop credible provincial plans for the SACTSP programme.</p> <p>Quarterly progress reports on the implementation of the SACTSP by provinces were evaluated and a report compiled for feedback and support.</p>	<p>The review of the National Capacity development strategy &amp; the Capacity Audit to determine the capabilities of provincial departments and the development capacity development interventions was kept in abeyance pending the finalisation of the National Department's Turn-around Strategy.</p> <p>The delay in the renewal of the South African Cuban Technical Support programme bilateral agreement delays the recruitment of Cuban Technical Advisors for Western Cape Provincial department of Human Settlements.</p>



Programme: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Provide facilitative and management support to provinces and municipalities and promote inter-sectoral collaboration for the achievement of sustainable human settlements in identified national priority projects	Reports on national priority projects by project steering committee meetings compiled and submitted for noting and further discussion if required	Facilitate interaction with relevant sector departments, parastatals, private sector and other relevant stakeholders in respect of national priority projects	Facilitated interaction with relevant sector departments, parastatals, private sector and other relevant stakeholders in respect of national priority projects - facilitated 18 project steering committee meetings instead of 28 meetings.	Not all planned meetings could not be facilitated due to a staff shortage
	Reports on technical meetings compiled and submitted for noting and further discussion if required	Provide technical and project management support to the provinces and municipalities where priority projects are located	Provided technical and project management support to the provinces and municipalities where priority projects are located - facilitated 14 technical task team meetings instead of 28 meetings	Not all planned meetings could not be facilitated due to a staff shortage
	Progress reports of identified projects compiled and submitted for noting and further discussion if required	Track progress on identified projects compiled and submitted for noting and further discussion if required	Tracked progress on identified projects, compiled and submitted reports for noting and further discussion if required - compiled 20 instead of 22 reports	Some reports were not submitted by provinces despite several requests
Policies, strategies, norms and standards for provision of sanitation developed	Revised basic household sanitation policy	Final draft ready for approval	Final draft not ready for approval. Developed discussion document and preliminary sanitation framework.	Delays in the procurement of the professional service provider. The professional service provider was appointed in September 2010 to support the Department with the review process.
	Roll out of Free Basic Sanitation Strategy	30% of municipalities	Roll-out of Free Basic Services to 63% of municipalities	Urgency of the need for Free Basic Services at municipal level; there were more resources to speed up the process
	Revision of informal settlement strategy	A strategy document approved and rolled out to municipalities;  30 unproclaimed settlements provided with adequate basic sanitation.	A strategy document was not approved and rolled out	This activity was removed from the Business Plan of the NSPU due to limited funding resources
Municipalities and sector departments supported in planning and implementation of sanitation	Number of households provided with basic sanitation services (including buckets removal)	7 418 households served through ACIP  11 000 households served through RHIP	8 426 Served through Accelerated Community Infrastructure Programme and 5 580 households served through Rural Household Infrastructure Programme	
	Number of municipalities implementing rural household sanitation programme	26 Municipalities	25 Municipalities	One (1) District Municipality (Fezile Dabi DM) was withdrawn because it was a District Municipality and not a local Municipality.

Program: Housing Planning and Delivery Support				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Skills development and capacity building co-ordinated in the sanitation sector	Review and development of sanitation qualification	Review completed	Review of sanitation qualification not completed	The review of sanitation never took place due to the new SETA landscape that was presented by Minister of Higher Education and Training in June 2010 and budget was not committed for the review. Most Standard Industrial Classification (SIC) codes were transferred from one SETA to another. The review of qualifications was put on hold
	No of jobs created through sanitation related projects	200 Sustainable jobs created	275 Sustainable jobs created	
Health and Hygiene Activity Plans developed and reviewed	Percentage of H & H Activity Plans developed and reviewed	80% of the provinces with H&H Activity Plans	100% of the provinces with Health and Hygiene Activity Plans	All nine (9) regions developed Health and Hygiene Activity Plans
Programmes to improve citizens and stakeholders awareness, understanding and prioritisation of sanitation implemented.	Percentage of communities and stakeholders reached with awareness programme.	20% of communities and stakeholders reached awareness raising programmes.	20% of communities and stakeholders reached with awareness raising programmes.	
Desktop analysis to establish baseline information to inform targeted advocacy programs conducted	Baseline analysis conducted in the 9 provinces to inform targeted advocacy interventions	Baseline analysis conducted in 3 provinces to inform targeted advocacy interventions	Desktop analysis conducted in Limpopo and Eastern Cape on Free Basic Services	Indicator removed from the APP during the third quarter
Sector performance monitored and regulated in line with White Paper	Number of sector performance reports submitted	Annual performance report consolidated	Annual performance report consolidated	
Evaluation of the impact of sanitation programmes conducted	Evaluation report completed	Evaluate the programme	Evaluation of the programme in process	Professional service provider was appointed on July 27, 2010 and contract ends July 2011
Regulate compliance to sanitation norms and standards	Number of municipalities complying to sanitation norms and standards	Identify and intervene in 20 municipalities	Identifying and intervene in 20 municipalities not achieved	The official performing this function vacated the post
Support municipalities to identify and register sanitation projects in the EPWP	No of registered EPWP projects	25 Projects registered	A process to register projects through RHIP has started	
Supporting SMMEs to register cooperatives with DTI	No of SMMEs supported and registered	200	Registered ten (10) SMMEs to DTI database and more than fifty (50) in municipal database	
Participating in global forums and support sanitation programme in Africa	Influencing sanitation policies and funding on global arena	Provide support: AMCOW, NEPAD, Stockholm, WSSCC, CSD and WWF	Support provided to WSSCC, Stockholm, WSSCC, CSD and WWF	

**Reasons for major variances**

No reasons reported for the period under review.

**2.2.4 Programme 4: Housing Development Finance****Purpose**

Fund housing programmes and human-settlement development programmes. Provide financial and grant-management services. Promote investment in housing finance. Mobilise and promote financial probity within housing institutions.

Manage all matters provided for by the Home Loan Mortgage Disclosure Act (2000).

**Measurable objective**

- Improve access to end-user finance by collaborating with the financial sector to develop mechanisms to increase market penetration, measured by the number, value and terms of loans to low and medium income households.
- Improve the expenditure efficiency of provinces on housing delivery and sanitation services by providing ongoing financial and grant-management support for the human-settlement development grant, and the rural-households infrastructure grant; as well as ongoing business-planning and reporting support, in line with the Division of Revenue Act, so that provinces are able to use all transferred funds.
- Ensure financial management by maintaining adequate controls and systems, measured by compliance with regulations and established practices on an ongoing basis.

**Service delivery objectives and indicators****Recent outputs**

As part of our attempt to improve compliance, a special training workshop on Supply Chain Management was conducted. This was done in addition to the quarterly target of training workshops and resulted in 156 staff members receiving special training.

Departmental monthly reports, interim Financial Statements and Annual Financial Statements for the prior year were submitted to National Treasury as required.

Subsequently the Department achieved an unqualified audit report for the prior year.

Assets transferred from the Department of Water Affairs (DWA) were not accepted by the Department of Human Settlements (DHS) as the DWA failed to provide the DHS with substantiating records as prescribed by Section 42 (1) (b) of the Public Finance Management Act.

The budget and adjustment budget processes have been completed successfully, which included the identification of savings amounting to R939 million over the 2011/2012 MTEF.

The Human Settlements Development Grant was managed and monitored in terms of DORA. The management of the grant resulted in the identification of underperforming provinces and the stopping and reallocation of funds to provinces were done in terms of section 16, 17 and 18 of the Division of Revenue Act.

The Home Loan and Mortgage Disclosure Act, 2000 (Act No 63 Of 2000), its regulations and reporting format were implemented in terms of the provisions of the Act.

Information from financial institutions was received, analysed and annual report on lending patterns and practices by financial institutions on home loans was prepared in terms of the Act.

Produced a draft NDHS Official Development Assistance (ODA) Strategy.

Engagements with ABSA's Affordable Housing Unit were held. This unit intends to organise a campaign on extensions and renovations of property in three different provinces aimed at people earning between R3 500 and R15 000 per month. This project is intended to be piloted at Botleng Development Project (in Delmas, Mpumalanga).



## Service-delivery achievements

Programme: Housing Development Finance				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Manage Financial Support and Internal Control	Approved Annual Financial Statement	Submission of Approved Interim and Annual Financial Statements	Three (3) Interim Financial Statements and Annual Financial Statement were approved	Not applicable
To manage the Provision of Supply Chain Management Services	Departmental reports on Logistics, Procurement and Transport Services compiled and submitted to Management	Departmental reports on Logistics, Procurement and Transport Services compiled and submitted to Management	Departmental reports on Logistics, Procurement and Transport Services were compiled and submitted to Management.	Not applicable
Provide Debtors System support to provinces	Number of reports on System Support provided	Management reports on Debtor System Support provided	Four (4) Quarterly Reports on System Support provided; submitted to Management	Not applicable
Provide Budget Management Services	Approved Budget	2010 Budget approved	The 2010 Budget was approved and published	Not applicable
Provide Grant Management services	% of funds transferred to provinces	100% of funds transferred to provinces	<b>Achieved</b> ; 100% of funds have been transferred to provinces	Not applicable
Provide secretariat functions for Office of Disclosure in terms of the Act	Number of reports on secretariat functions (coordination and dissemination of information to provincial and municipalities in terms of the HLAMDA)	Four (4) reports on secretariat functions (coordination and dissemination of information to provincial and municipalities in terms of HLAMDA submitted)	No report produced on secretariat functions (coordination and dissemination of information to provincial and municipalities in terms of HLAMDA)	Non-appointment of Members of the Office of Disclosure; and non-coordination and dissemination of information to provinces and municipalities in terms of HLAMDA was undertaken)
	Analysis of information by financial institutions to detect lending pattern and practices on home loans conducted	Analysis of information by financial institutions to detect lending pattern and practices on home loans conducted	Three (3) reports produced on analysis of information by financial institutions to detect lending pattern and practices on home loans conducted	Not applicable
	Annual report on the performance and the ratings of financial institutions compiled and submitted to Management	Annual report on the performance and the ratings of financial institutions compiled and submitted to Management	Annual report on the performance and the ratings of financial institutions compiled and submitted to Management	Not applicable
Promote investments for human settlements and infrastructural development	Number of reports on the implementation of the Official Development Assistance (ODA) strategy	Two (2) reports on the implementation of the Official Development Assistance (ODA) strategy	A report on the draft ODA strategy developed	Finalisation of the ODA strategy could not be achieved since the final draft was submitted; awaiting approval.

Programme: Housing Development Finance				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
	A report on the number of houses delivered through pension-backed fund	One (1) report on the number of houses delivered through pension-backed fund	A report on the number of houses delivered through pension-backed fund	Not applicable
Facilitate and monitor investments in Human Settlements	Number reports on engagements with financial institutions and/or stakeholders on funding sources	Four (4) reports on engagements with financial institutions and/or stakeholders on funding sources	Four (4) reports on engagements with financial institutions and/or stakeholders on funding sources	Not application
	Number of reports on Employer Assisted Housing (EAH) facilitated	Two (2) reports on Employer Assisted Housing (EAH) facilitated	Two (2) reports on Employer Assisted Housing (EAH) facilitated	Not applicable
Facilitate increased supply of affordable housing finance	A report on the progress of the guarantee fund	One (1) report on the progress of the guarantee fund	One (1) report on the progress of the guarantee fund	Not applicable





### **Reasons for major variances**

#### **Housing Equity: Reports on Secretariat functions to the Office of Disclosure in terms of the Act**

There was no achievement on performance measure/indicator due to no meetings held, related to the indicator during the financial year 2010/2011; due to non-appointment of members of the Office of Disclosure in terms of provisions of the Act.

Furthermore, no coordination and dissemination of information to provincial Human Settlements Departments and municipalities in terms of HLAMDA was undertaken.

Finalisation of the Official Development Assistance strategy could not be achieved since the final draft was submitted for approval and has not yet been approved.

### **2.2.5 Programme 5: Strategic Relations and Governance**

#### **Purpose**

To coordinate the Department's mandate within intergovernmental and international relations and promote good governance practices in the Department and its public entities, as well as to provide timely and integrated business information to the Department.

#### **Measurable objectives**

The branch has the following measurable objectives:

- Provide oversight management of housing institutions by monitoring performance and corporate planning, as well as by governance oversight, measured by compliance with regulations and the delivery of mandates.
- Provide integrated business solutions and support, as well as business information and related products by maintaining databases on housing and human settlements and ensuring quality control, measured by the availability of accurate information, data and solutions.
- Provide an integrated communication service through public information and marketing, corporate communications and media relations, measured by sustainable awareness and the dissemination of knowledge and information that empowers stakeholders in and outside the Department.
- Provide governance management by co-ordinating transversal programmes, measured by adequate comprehensive risk management, internal auditing, programme alignment and reporting.

#### **Service delivery objectives and indicators**

##### **Recent outputs**

In the year under review, the programme through the Strategic Management sub-programme was able to timeously present the Departmental Quarterly Performance Reports for the financial year to the Director-General, for discussion with the Minister.

Through the performance evaluation and verification reports, determination was made on the factual correctness or accuracy of sub-programme actual achievements, against approved targets during each performance-reporting period. These performance reports also covered issues requiring urgent and ongoing attention as far as performance of the Department is concerned.

The performance reports therefore provided the Accounting Officer with an overall performance of the Department with regard to the implementation of the approved Departmental Strategic and Performance

Plans for the period 2010 to 2013.

In its endeavour to build capacity and improve its service to officials of the Department, the sub-programme, Strategic Management also provided ongoing strategic support and planning and performance review and information sessions.

In view of the transition, name change and changed mandate for the Department, the sub-programme facilitated strategic planning review sessions with all branches of the Department which culminated into a three-day Department-wide Strategic Planning and Performance review session held in October to finalise the Departmental Updated Strategic and Performance Plans, 2011 - 2014. The sub-programme assisted the branches in incorporating Outcome 8 into the plans.

The presentations on the Departmental Updated Strategic and Performance Plans, 2011 - 2014 and the Departmental Annual Report, 2009/2010 were timeously prepared for the Accounting Officer. The Departmental Strategic and Performance Plans, 2011 - 2014 and the Departmental Annual Report for the financial year 2009/2010 were therefore tabled in Parliament as per Parliamentary schedule.

The Departmental Strategic Planning and Performance Monitoring Policy and Guidelines were reviewed and updated with the latest information from the relevant policies and legislation in order to guide Departmental planning and performance-monitoring processes.

The programme, through the Sub-Programme Information Management Services ensured that systems are made available to the user community, and the data is used to develop information products to support human settlement development. Management and other role players were consistently provided with reports on relevant economic, financial and delivery indicators.

The sub-programme maintained and managed the operational and control-systems environment and provided assistance to the user community to enable them to effectively administer housing/human settlements programmes. Provincial assistance focused on planning and budgeting, contract management, project management, beneficiary management, as well as claims and payments.

The Housing Subsidy System (HSS) Steering Committee met with provinces on a regular basis and issues related to cross-border projects, recording of procurement of land, electronic filing of application forms, inspection, planning and budgeting processes, beneficiary approval process, as well as the moving of approved beneficiaries between projects were discussed. Change Committee meetings took place, whereby provincial representatives endorsed change request implemented in the various systems releases.

Information products were compiled for distribution and engagements held with provinces and other key stakeholders to promote the use of available information. Work on the maintaining and updating the National Informal Settlements Atlas for the country continued with the use of internal resources. The Informal Settlements Atlas is also being used to support the achievement of Outcome 8. The national housing-projects spatial viewer was updated and made available.

In order to improve the alignment and accuracy of housing-delivery statistics and project information, the Chief Directorate participated in the quarterly provincial performance reviews.

The Human Settlement Information Handbook was maintained, human settlement information reports were compiled and business information reports were updated. Analysed information was presented in the Housing Journal.

Accessibility to housing-related information and knowledge services was ensured through the Library and Resource Centre. The sub-programme contributed to compliance with the prescripts of the Promotion of Access to Information Act, 2000 (PAIA) by ensuring the availability of a PAIA Centre to administer requests for information in terms of the Act.

The programme, through the Communication Services sub-programme continued to be enhanced through the implementation of innovative strategies and improved sector partnerships. The programme has also put a lot of effort into conceptualising high-visibility external marketing and branding campaigns aimed at using a variety of multimedia platforms and exhibitions.

The programme disseminated information to a wide public through scheduled exhibitions and participation at Government-wide events. Thus, beneficiaries and other members of the public are better informed on the processes, roles and responsibilities of role players and stakeholders, as well as the achievements of the Government in relation to the Human Settlements development programmes.

Among the notable achievements for the year 2010/2011 is the review and production of corporate and generic beneficiary publications. These include Human Settlements Programmes and Subsidies, Economic Opportunities Created by Human Settlements, and Sanitation Programme publications.

Beneficiary publications were updated, produced and translated in all the indigenous languages. Issue 3 of "Building the Nation" - a quarterly corporate publication - was delivered and distributed to all the stakeholders.

The Website front page has been reviewed. In the meantime a bigger project to revise the entire Website will be rolled out in the new financial year. The Website front page is still under construction through the newly appointed professionals. The look and feel has been maintained by ensuring that all updates are properly implemented.

The programme assisted in planning and implementing the face-to-face beneficiary campaigns through: ten (10) exhibitions during Emerging Contractors workshops in five (5) provinces; Budget Vote; NCOP; Sanitation Week in Sterkspruit; YouthBuild and Youth Day event at Thulamahashe; Women's Build in North West and Thornhill Launch during the first quarter.

The Human Settlements brand and products were showcased at a number of sector and general public events and the Directorate provided guidelines during these events, such as Women's Build, Lufhereng Launch, Tau Village, MinMEC and Marabastad in Kroonstad Operation Hlasela Launch; SHRA inauguration; PHP workshop and Farm Worker's Summit.

During these exhibitions the primary objective of the Department was to interact with all sectors of the public interested in State-provided housing via interactive displays of housing products, on-site ability to verify waiting-list status on the HSS, and dramatisation of housing issues. Public Information and Marketing also played a pivotal role in supporting the programmes of other units within the Department. The Directorate played a crucial role in the Ministerial and Departmental events and thereby became instrumental in coordinating branding and marketing during the Impala Platinum Project Launch and handover, SAHF Exhibition and Conference, Sanitation Campaigns (i.e. Hand Washing and World Toilet Day), JHB Inner City Renewal Projects, Official Opening of Cavendish, DBSA-DHS Knowledge Week, Media Briefings, 16 Days of Activism Campaign, Thornhill Eastern Cape Housing Launch, KTC Nyanga Housing Handover, Monitoring Evaluation and Impact Assessment Workshop.

The Ministerial and Departmental events where the programme gave support during the fourth quarter include: Minister's Media Briefing and Walkabout; Capacity Development 2011 Scholarship Induction; Youth Summit (Round Table Discussion); National Research Task Team; Municipal Accreditation Signing Ceremony; Deputy Minister's International Women's Day Celebration; Marthinus Family House Handover; Drommedaris Social Housing Project Launch; PHP Diepsloot Build.

The programme developed and implemented the advertisement campaign in City Press and Sunday Times, Public Knowledge on Human Settlements, Invitation for Bids for Marketing and Events Management in the second quarter.

Human Settlements messages dissemination was maximised through a multi-pronged dissemination strategy through publications, exhibitions, advertising, website and outreach campaigns.

Partnerships with institutions such as the GCIS, Provincial Housing Departments and Housing Institutions are an on-going area of focus for the Unit because; these relationships serve to enhance the implementation and effectiveness of projects. Thus, the Housing Institutions are formally engaged to participate at events and in the programme sources sponsorship.

The achievements stated in this Report aimed to reach and promote internal and external audiences' enhanced awareness of the Human Settlements mandate, challenges and achievements. During this year the Programme's output continued to strengthen and some capacity gaps were addressed.

#### **Targets not achieved**

Most of the targets were achieved, except for a few in the pipeline, such as: the process of re-conceptualisation of the quarterly publication, "Building the Nation" whose process was delayed by procurement challenges; Township TV; Site Boards template for branding of priority projects; best practice and special projects whose roll-out is envisaged for commencement in the first quarter of 2011/2012.

Some of the challenges faced by the programme were the following:

- The changed focus in communication from housing to human settlements necessitated the need to re-focus messages to include issues like sanitation.
- The re-branding of the Department has had cost implications across the board.

The main achievement of the programme through the Housing Entities Governance and Oversight during the year under review was the establishment and operationalisation of the Social Housing Regulatory Authority (SHRA). The institution will regulate the affairs of all social-housing institutions and stimulate the supply of social-housing stock through the social-housing investment programme. The sub-programme provided the Council with post establishment secretariat support as to facilitate the effective functioning of the Regulator.

The financial and non-financial performance and reporting of housing institutions were continuously monitored through the facilitation of the submission of quarterly and annual reports, as well as draft and final strategic plans. Actual visits to institutions were conducted in order to verify reported information. The sub-programme facilitated the transfer of 100 percent of the budget appropriation of institutions.

The vacant positions responsible for policy advocacy and risk-management oversight of institutions have been filled and the initial institutional assessments have been completed.

The outcomes-based approach adopted by Cabinet Lekgotla in January 2010 emphasises the role of the Department in "Creating Sustainable Human Settlements and Improving Quality of Household Life". These outcomes will be achieved by means of four (4) service-delivery programmes, namely: Accelerating the Upgrading of Informal Settlements; up-scaling Affordable Rental Housing Stock; Land Assembly for Housing Development; National Bulk Infrastructure Programme and Increasing the Supply of Affordable Housing Finance. This informs the strategic direction of the Department until 2014 and implies realignment of resources to achieve the targets of each of the above-mentioned programmes. The Department is recognised as the coordinating Department for human settlements and it will continue to work closely with partner Departments who have a direct impact on the housing delivery chain.

The outcomes-based approach continued to be the core focus area for the programme's **Inter-Departmental** and **Inter-sphere** functions. The outcomes-based approach gave impetus to the Department's coordinating role to ensure a convergence of Government mandates, for integrated human settlements delivery. It also gives effect to the Framework: Macro Coordination and Alignment which sought to achieve the focal point of authority and accountability for human settlements delivery. This is now emphasised through the proposed implementation forums for each outcome. It is important to mention that the vertical and horizontal alignment across sectors and Government spheres is the essence of the outcomes-based approach. The Department undertook a comprehensive engagement for the development of Delivery Agreements by constituting a Task Team made of representatives from provinces, metropolitan municipalities, and the national Department and its institutions.

The Delivery Agreements were consulted on in various stakeholder forums such as workshops, the Human Settlements and Basic Services Task Team, MinMEC, Technical MinMEC, and a Joint Human Settlements and Co-operative Governance MinMEC. The Minister has signed the Delivery Agreements with all nine Provincial MECs of Human Settlements, and thus got their commitment towards Output 1: Accelerated Delivery of Housing Opportunities; it outlined their commitment to upgrading households in well-located informal settlements and to creating affordable rental units, to accrediting municipalities and to rolling out the National Upgrading Support Programme.

A Delivery Agreement was developed and signed between the Minister of Human Settlements and the Minister of Cooperative Governance and Traditional Affairs with regard to Output 2: Access to basic services. The Department of Human Settlements agrees to support the Department of Cooperative Governance with regard to the targets for access to basic services. A Delivery Agreement was developed and signed between Minister Sexwale and the Minister of Public Works, Minister of Public Enterprises and Minister of Rural Development and Land Reform for Output 3: Release of well-located land and properties owned and held by the State in the national sphere of Government for purposes of housing and human settlements development.

The first Progress Report on the implementation of the Programme of Action (POA) for Outcome 8 was submitted to Cabinet. Issues of concern have been flagged for the attention of MinMEC and the Implementation Forum. In order to improve on collaboration and co-ordination, the Department of Human Settlements and the Department of Co-operative Governance jointly headed an initiative to establish a high-level Sustainable Human Settlements and Basic Services Task Team. The establishment of the Task Team was facilitated by the activities of a Core Group of officials from CoGTA, DHS, DWA, DoE, DMR, and the DRDLR. A Joint Work Programme was developed to guide the work of the Task Team. The Terms of Reference for the Municipal Human Settlements Committees have also been drafted together with a Work Programme. The high-level Task Team is constituted by accounting officers in the various Departments, provincial heads of departments, heads of institutions, as well municipal managers for the Metros, and will align its work closely with that of the work programme of the Municipal Human Settlements Committees.



The terms of reference for the Outcome 8 Implementation Forum was developed and finalised and the terms of reference of human settlements were reviewed by MinMEC. These terms of references were presented and approved by MinMEC. A report on progress since the Special Human Settlements Presidential Co-ordinating Council (PCC) was prepared for presentation to the PCC, and MinMEC received a report on progress made on areas of joint collaboration with the Department of Cooperative Governance. Furthermore, a Joint Technical MinMEC between CoGTA and the DHS was held where progress on the establishment of the SHS and BSSTT, and the Municipal Human Settlement Committees was reported on. A Joint MinMEC with CoGTA, DWA and DHS was also held during the period under review, focusing on the thirteen (13) areas of collaboration which were identified in a Joint Human Settlements COGTA MinMEC in September 2010.

Within the area of **inter-sphere co-ordination**, the programme continued to support accreditation of prioritised municipalities by embarking on structured bilateral engagements with the provinces and municipalities to prepare for the post-accreditation facilitation process, where the panel has recommended accreditation and to develop and implement action plans where the panel findings did not support accreditation. The assessments were not carried out due to the delays in the re-establishment of the accreditation assessment panel. It is envisaged that the panel will be established in the next quarter to assess the remainder of the municipalities and to further facilitate the post-accreditation delegation process for accredited municipalities.

In order to provide a platform for sharing best practices on managing accredited municipalities and for implementing the programme, the Department coordinated and facilitated a National Accreditation Task Team between provinces and accreditation-priority municipalities. The Task Team also serves as a platform to monitor the implementation progress (inclusive of the financial and non-financial performance) of the provinces and the prioritised municipalities. In order to provide funding certainty to accredited municipalities, there has been extensive consultation with municipalities and provinces to input on proposed funding to accredited municipalities under the Grant Framework.

The provincial performance reviews were held with all provinces to oversee the performance of Provincial Housing and/or Human Settlements Departments both in terms of their financial and non-financial performance in respect of the Housing Grant appropriated to each department.

The continued support to the local-government turnaround strategy led by the Department of corporate and other Government-wide initiatives to support local government have been incorporated in the municipal accreditation process of supporting accreditation priority municipalities. This is achieved and evidenced in the accreditation assessments reports.

The National Intergovernmental Relations Planning, Coordination and Alignment Engagements were held in the last quarter as planned. The objectives and expected outcomes envisaged in this strategic engagements was to afford provinces and accredited metros the opportunity to present their five-year Annual Performance Plans (APPs) and their one-year Conditional Grant. It was expected of provinces to present the breakdown of projects that represent the performance reported to date against Outcome 8 targets. Also to identify risks and challenges in meeting the Outcome 8 targets. Project lists, listing all projects covered by the Business Plan for the 2011/2012 financial year and the specific projects related to Outcome 8 targets. The main focus was on the percentages of allocations that would be used for Outcome 8, and provide a breakdown of individual targets, for example: upgrading of informal settlements, rental, etc. Provinces were also requested to present plans to reflect spatial planning where the new Grant allocation will be spent, plans on spending the Human Settlements Development Grant (HSDG), and Urban Settlements Development Grant (USDG).

Within the sub-programme **International Relations**, the international programme had to be significantly reduced to only our very crucial international commitments. As a result, all study and exposure visits have been removed from the programme, and even servicing our international commitments has proved difficult



due to financial austerity measures. Alternative means of servicing our commitments have been devised, so that we are able to meet our commitments without incurring many costs. Stronger partnerships with the local presence of UN Habitat and the World Bank are being pursued, and wherever possible, partners and experts are invited to meetings in South Africa to reduce costs. However, implementation of the international programme continued, despite challenges due to financial austerity measures being imposed in this work area.

During the year under review, the Department of Human Settlements Concluded an Arrangement on co-operation in the field of Social Rental Housing with the **Netherlands'** Ministry of Housing and Spatial Planning (VROM) for a further period of five (5) years through an exchange of notes, as agreed to during the last Annual Oversight Committee Meeting held in November 2009. Implementation of the agreement is currently underway in collaboration with all members of the South Africa Oversight Committee, which oversees implementation of Arrangement with the Dutch in South Africa. The Department of Human Settlements hosted the Annual Review and a series of workshops and engagements with Dutch experts to assist in achieving the desired outputs for rental housing under the Delivery Agreement for Outcome 8. The Dutch Oversight Committee and the South African Oversight Committee expressed satisfaction with the implementation of the 2010 plan and developed a draft Annual Implementation Plan for 2011.

The Department continued to service its existing international commitments, such as the Cities Alliance, participation in UN Habitat, with the exception of the **African Ministers Conference on Housing and Urban Development (AMCHUD)**. The Department acts as Secretariat to AMCHUD, but are unable to proceed with the work programme due to lack of direction from the organisation's Bureau. The Department of Human Settlements participated in the third African Minister's Conference on Housing and Urban Development (AMCHUD III) in Bamako, Mali in November 2010 under the theme: "Land in the context of sustainable urbanisation". As Secretariat for AMCHUD, the Department achieved a commitment from member countries to make a US\$10 000 contribution for the running of AMCHUD.

The programme facilitated continued implementation of the **Danida** Funded project (Danida DevForum, Denmark) on energy-efficiency measures in low-income housing in Joe Slovo 3A and 3B on the N2 Gateway project. The Memorandum of Agreement between the NDHS and the Western Cape Provincial Department of Human Settlements on the implementation of an Energy Efficiency Pilot on the N2 Gateway project was concluded. The Project Steering Committee has been established and held its inaugural meeting in August 2010 to oversee the implementation of the pilot project. The Danida Steering Committee is chaired by the Chief of Operations and is comprised of representatives from the Danish Embassy, the National Department of Human Settlements and the Western Cape Provincial Department of Human Settlements. The remaining donor funds for implementation of the project have been requested and have been transferred into the RDP.

The Department of Human Settlements participated in preparations of South Africa's report on the status with regard to the **Millennium Development Goals (MDGs)**, with regard to targets on sanitation. This report was tabled at the United Nations Summit in New York in September 2010. The main objective of the Summit was to bring together all stakeholders, including national Governments, donors, the business community and civil society at large, to work in concert to ensure that the MDGs are met by 2015. The high-level plenary meeting of the General Assembly to review the implementation of the goals provides a unique opportunity to strengthen collective efforts and partnerships for the push to 2015.

Furthermore, the Department of Human Settlements participated in the Executive Committee of the **Cities Alliance** that took place from 7 to 8 July 2010. South Africa continues to influence the direction of the Cities Alliance towards our position with regard to promoting Africa's development and our South-South Co-operation agenda. The Exco met for a second time at the end of October to conclude preparation for the Cities Alliance Annual Consultative Group meeting in Mexico in November 2010. The Department further

participated in the Cities Alliance Executive Committee meeting held in Washington, New York from 10 to 11 March 2011. The meeting aimed to, amongst others, facilitate further engagements with the World Bank departments as a major source of funding for the Cities Alliance work.

The Department of Human Settlements undertook a Technical Visit to **Angola** from 25 to 30 August 2010 with a specific focus to ensure implementation of the project plan for a pilot project with the South Africa Angola Housing Initiative (SAAHI) and to identify possible risks and blockages in advance. The Working Group on the implementation of the Memorandum of Understanding on Co-operation exchanged detailed information on experiences and challenges and undertook several site visits to bring home the scale of the human settlement challenge in Luanda.

The Working Group on Human Settlements continued implementation of its Work Programme as agreed to during its inaugural meeting held in February 2010. SAAHI's pilot project was highlighted as one of the top-performing co-operation projects between South Africa and Angola during the State visit by Angola's President Dos Santos in December 2010.

Lastly, the Department of Human Settlements, through the programme, has undertaken a process to renew the Bilateral Agreement with **Cuba** on Employment of Cuban Technical Advisors in relevant Provincial Departments of Human Settlements which expired on 10 November 2010. The Agreement will be renewed through the Exchange of Notes between the two Governments and amended to include the changed mandate from housing to human settlements and the recruitment of sanitation engineers under the national Sanitation Programme. Both parties have confirmed their agreement to renew the Exchange Note. As a requirement the President has signed the Presidential Minute authorising the Minister to sign the Exchange of Notes to renew the bilateral agreement in its current form. The amendments will be subject to a separate amendment process.

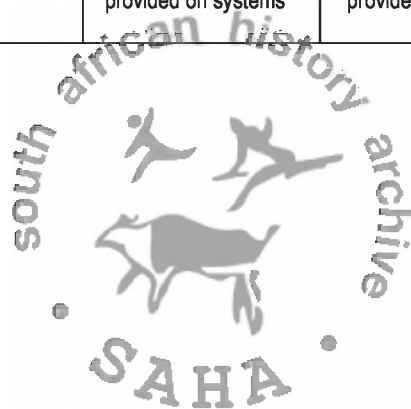


## Service Delivery Achievements

Programme: Strategic Relations and Governance Sub programme: Strategic Management				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Management of the development of Departmental Strategic and Performance Plans	Approved Departmental Strategic and Performance Plans	Approved Departmental Strategic and Performance Plans	Departmental Strategic and Performance Plans were approved	
Provide Strategic Management support to transversal functions of the Department	Number of Departmental Strategy Management Compliance reports	Four (4) Departmental Strategy Management Compliance reports	Four Departmental Strategy Management Compliance reports were produced and submitted	
Monitor the implementation of Departmental Strategic and Performance plans	Approved Departmental Annual Performance Report	Approved Departmental Annual Performance Report	The Departmental Annual Performance Report 2009/ 2010 was approved	
	Number of Departmental Quarterly Performance and Evaluation Reports	Four (4) Departmental Quarterly Performance Reports	Four (4) Departmental Quarterly Performance Reports were consolidated and submitted to the Accounting Officer	
Management of the implementation of Departmental Performance Plans	Number of Departmental Performance Evaluation Reports	Five (5) Departmental Performance Evaluation Reports	Five (5) Departmental Performance Evaluation Reports were compiled and submitted to the Accounting Officer	
Provide data and information	Number of reports on Data and Business Information	Four (4) Reports on the availability of data & business information for reporting	4 Reports on the availability of data & business information were made available	No Variances
	Number of Information Products available	Four (4) Information products available (any 4 from: National Atlases; MapServer; Spatial Viewer; Info Handbook; Human Settlement Journal; Scoreboard; Deeds/Title Transfers Matching Report; Fact Sheets/ Information Reports)	Six (6) Information Products were made available: Fact Sheets/ Information Reports; Human Settlement Journal; Human Settlement Profiling; Spatial Viewer; Information Handbook.	The Report on Housing Cooperatives in South Africa was compiled in response to a request by the Parliamentary Research Office and made available - The Spatial Viewer was updated and made available at the request of the Ministerial Advisor; no additional resources utilised.
	Number of Knowledge Services available	Three (3) Information and Knowledge Services available (Library; Online Services; PAIA centre)	Three (3) Information and Knowledge Services were made available (Library; Online Services; PAIA)	No variance

Programme: Strategic Relations and Governance Sub programme: Integrated Business Solutions				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Provide systems that support sector-business processes	% of systems provided for budgeting and planning	100% of systems provided for budgeting and planning  • Four (4) reports on the identification and analyses of needs  • Four (4) reports on development and implementation of systems  • Four (4) reports on support and training provided on systems	100% of systems provided for claims and payments  • Four (4) reports on the identification and analysis of needs  • Four (4) reports on development and implementation of systems  • Four (4) reports on support and training provided on systems	No variances
	% of systems provided for project management	100% of systems provided for project management  • Four (4) reports on the identification and analysis of needs  • Four (4) reports on development and implementation of systems  • Four (4) reports on support and training provided on systems	100% of systems provided for project management  • Four (4) reports on the identification and analysis of needs  • Four (4) reports on development and implementation of systems  • Four (4) reports on support and training provided on systems	No variances
	% of systems provided for contract management	100% of systems provided for contract management  • Four (4) reports on the identification and analysis of needs  • Four (4) reports on development and implementation of systems  • Four (4) reports on support and training provided on systems	100% of systems provided for contract management  • Four (4) reports on the identification and analysis of needs  • Four (4) reports on development and implementation of systems  • Four (4) reports on support and training provided on systems	No variance
	% of systems provided for beneficiary administration	100% of systems provided for beneficiary administration  • Four (4) reports on the identification and analysis of need  • Four (4) reports on development and implementation of systems	100% of systems provided for beneficiary administration  • Four (4) reports on the identification and analysis of need  • Four (4) reports on development and implementation of systems	No variance

Programme: Strategic Relations and Governance Sub programme: Integrated Business Solutions				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
		<ul style="list-style-type: none"> <li>• Four (4) reports on support and training provided on systems</li> </ul>	<ul style="list-style-type: none"> <li>• Four (4) reports on support and training provided on systems</li> </ul>	
	% of systems provided for claims and payments	100% of systems provided for claims and payments <ul style="list-style-type: none"> <li>• Four (4) reports on the identification and analysis of needs</li> <li>• Four (4) reports on development and implementation of systems</li> <li>• Four (4) reports on support and training provided on systems</li> </ul>	100% of systems provided for claims and payments. <ul style="list-style-type: none"> <li>• Four (4) reports on the identification and analysis of need</li> <li>• Four (4) reports on development and implementation of systems</li> <li>• Four (4) reports on support and training provided on systems.</li> </ul>	No variances



Programme: Strategic Relations and Governance Sub programme: Communication				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Provide corporate communication services	Approved corporate communication strategy and plan	Develop, implement, manage and review corporate communication strategy and plan	Developed, Implemented and Corporate Communication strategy and plan	Human Settlements Communiqué and Events Management Framework could not be achieved due to: 1) MINTOP decision of 8 June 2010 which canned the internal newsletter; 2) MINTOP decision to appoint a panel of events management, marketing and communication service providers. MINTOP of 2011 has again resolved that the internal newsletter be revised and revived – a process to implement that is underway.
Provide media services	Approved media services strategy and plan	Develop, implement, manage and review media services strategy and plan	Developed, Implemented and Managed Media strategy and plan	Human Settlements Communication Forum could not be achieved due to inability to find an appropriate slot that coincides with MinMEC-meetings
Provide public information and marketing services	Approved marketing and Public Information and Marketing Strategy and Plan	Develop, implement, manage and review Public Information Strategy and Plan	Developed, implemented and managed Public Information and Marketing Strategy and Plan  The development, implementation and management of the Public Information and Marketing Strategy is evidenced as stated in activities reported and verified in the quarterly reports submitted	Due to on-going delays in approval processes some of the submissions and activities were partially implemented



Programme: Strategic Relations and Governance Sub programme: Transformation				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Coordinate and manage Sector Transformation Programme	Sector Transformation Programme coordinated and managed	Sector Transformation Programme coordinated and managed		
Coordinate and manage Organisational Transformation Programmes	Organisational Transformation Programmes coordinated and managed	Organisational Transformation Programmes coordinated and managed	Organisational Transformation Programmes partially coordinated and managed	Some Organisational Transformation Programme strategies and policies are pending approval

Programme: Strategic Relations and Governance Sub programme: Entities governance oversight				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Monitor performance and corporate planning of housing entities against delivery mandates	Number of submissions recommending approval of Entities Strategic Plans submitted to the Minister	Seven (7) submissions recommending approval of Entities Strategic Plans and Budgets submitted to Minister	Seven (7) submissions recommending approval of Entities Strategic Plans and Budgets submitted to Minister	No variance
	Number of Performance Monitoring Reports produced (financial and non-financial)	Three (3) quarterly Performance Monitoring Reports produced	Three (3) quarterly Performance Monitoring Reports produced	No variance
	Midyear Performance Monitoring Report produced (financial and non-financial)	One (1) midyear Performance Monitoring Report produced	One (1) midyear Performance Monitoring Report produced	No variance
	Number of Annual Performance Monitoring Reports produced	One (1) annual Performance Monitoring Report produced	One (1) annual Performance Monitoring Report produced	No variance
	Percentage of transfer of funds request evaluated and approved	100 % of funds requested evaluated	100 % of funds requested evaluated	No variance
	Number of verification reports on reported information by institutions produced	Two (2) reports on verification visits to housing institutions produced and submitted to DG for noting and/or action where necessary	One (1) report on verification visits to housing institutions produced	Due to capacity constraints, the planned visit to the remaining institutions was reprioritised for the new financial year

Programme: Strategic Relations and Governance Sub programme: Entities governance oversight				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
	Number of entities established or dissolved	One (1) entity established One (1) entity dissolved	The Social Housing Regulatory Authority (SHRA) was established	The Social Housing Foundation (SHF) could not be finally dissolved as a challenge is being experienced with the placement of the last remaining staff member
Provide policy advocacy, governance oversight and compliance monitoring	Number of submissions recommending approval of shareholder contracts with Entities submitted to Minister	Seven (7) shareholder contracts submitted to Minister for approval and signature	Four (4) shareholder contracts submitted to Minister for approval	Shareholder compact was not submitted for SHF as the institution is in the process of closure  The shareholder compact could not be finalised for SHRA as the institution was only established towards the end of the financial year  Shareholders compact for NURCHA could not be finalised as the institution required further discussions regarding the contents of the document
	Reminder letters on compliance with PFMA and Treasury Regulations by housing Entities	Reminder letters issued	Reminder letters for the submission of quarterly reports and strategic plans were approved and sent to Entities	No variance
	Report on the evaluation of the performance Boards of Entities	One (1) Board Evaluation Report produced and submitted to DG and Minister	No Report was produced	The performance target was introduced for the first time in the 2010/2011 financial year as a first-quarter target. However, the entities reported on the evaluation of the Boards during the last quarter of the financial year. The target has therefore shifted to the first quarter of the next financial year.
	Number of reports on housing institutions governance status produced	Two (2) comprehensive reports on governance of housing entities developed	Two (2) comprehensive reports on governance of housing entities developed	No variance
	Provide secretarial function to the NHBRC Council Advisory Committee	Provide secretarial function to NHBRC Council Advisory Committee meetings	Secretarial function provided to 100% of NHBRC Council Advisory Committee meetings convened	No variance

Programme: Strategic Relations and Governance Sub programme: Entities governance oversight				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
	Number of analysis reports on risk management by Housing Entities produced	One (1) analysis report on risk management by Housing Entities produced and submitted to DG for noting and/or action where necessary	One (1) analysis report on risk management by Housing Entities produced and submitted to DG for noting and/or action where necessary	No variance
	Number of reports on the contribution of Housing Entities to Government priority areas produced	One (1) report on the contribution of Housing Entities to Government priority areas produced and submitted to DG for noting and/or action where necessary	One (1) report on the contribution of Housing Entities to Government priority areas produced and submitted to DG for noting and/or action where necessary	No variance



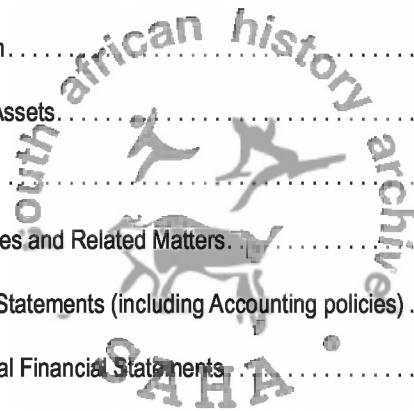
Programme: Strategic Relations and Governance Sub programme: IGR and IR				
Strategic objective	Measure / Indicator	Actual performance against target		Reason for variance
		Target	Actual	
Co-ordinate the convergence of mandates in support of sustainable human settlement development through interdepartmental co-operation	Developed and implemented Coordination and Alignment Framework for human settlements development	40% of the Macro Coordination and Alignment Framework implemented	The coordination and Alignment Framework was developed and implemented	Not applicable
Facilitate and enhance relations across spheres of Government for the development of sustainable human settlements	Approved systems and procedures to enhance vertical integration across spheres of Government	Inter-sphere systems and procedures reviewed and implemented	Inter-sphere systems and procedures reviewed and implemented	Not applicable
Manage Departmental participation in forums and activities related to the implementation of the Government's Programme of Action (POA) and other Government strategic priorities	% Compliance with the prescripts for planning and monitoring under the POA and other strategic priorities	100% Compliance with the prescripts for planning and monitoring under the POA and other strategic priorities	100% Compliance with the prescripts for planning and monitoring under the POA and other strategic priorities	Not applicable
Leverage official development assistance, international partnerships and bilateral relations to support the development of sustainable human settlements	Implemented International Relations Framework and Programme for the Department of Human Settlements	Programme of International Relations is developed and implemented	Programme of International Relations was developed and implemented	Not applicable
Negotiate and represent South Africa's position in international multilateral and African fora related to Human Settlements, and to monitor and manage the implementation of agreements/commitments related to Human Settlements	South African position on human settlements articulated in the multilateral and African Human Settlements For a Report on the status of implementation of international multilateral and African commitments	Three (3) inputs to Multilateral and African Human Settlements Agenda	Three (3) inputs to Multilateral and African Human Settlements Agenda submitted	Not applicable



# ANNUAL FINANCIAL STATEMENTS

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## REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2011

### Audit Committee Members and Attendance:

The audit committee consists of the members listed hereunder and meets 4 times per annum as per its approved terms of reference. During the current year 5 meetings were held.

Name of Member	Number of Meetings	
	Scheduled	Attended
Ms M Nyathi - Chairperson (Resigned July 2010)	*3	3
Ms S Hari (Resigned May 2010)	*1	0
Mr. T T Ntuli (Contract expired 31/12/2010)	*4	4
Ms T Moja	5	5
Ms Y Reilly (Contract expired 31/12/2010)	*4	4
Mr J Weapond	5	5
Mr K Buthelezi - Chairperson	5	5

\* The number of audit committee meetings scheduled before a member's contract expired/ resigned from the Audit Committee.

### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as outlined in its Audit Committee Charter and has discharged its responsibilities as contained therein.

### The effectiveness of internal control

The system of internal controls applied by the department over risk management are adequate, however there is room for improvement to enhance the effectiveness of the control systems.

From the various reports of the Internal Auditors and the interim management report of the Office of the Auditor-General it was noted that there are some significant deficiencies in the systems of internal control. The Audit Committee has tasked management to prepare a comprehensive plan to indicate how the Department will address the issues raised in the report. Management has already embarked on the process of implementing corrective actions and enhancement to the control systems are being addressed by the Department.

Management will report directly to the Audit Committee, with Internal Audit reporting independently on the progress by management in implementing the plan to enable the Audit Committee to evaluate the progress made.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The Audit Committee reviewed the Internal Audit reports on audits conducted on quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

### Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;

**REPORT OF THE AUDIT COMMITTEE**  
for the year ended 31 March 2011

- Reviewed the Auditor-General's management report and management's responses thereto; and
- Reviewed audited financial and adjustments made.

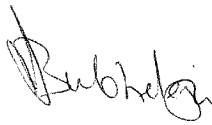
**Internal audit**

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

**Auditor-General South Africa**

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

The Audit Committee adopted and concurs with the report of Auditor-General South Africa and accepts that it should be read with annual report.



Mr. Khulekani Buthelezi  
**Chairperson of the Audit Committee**  
31 May 2011



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**1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS**

**1.1 Strategic overview**

The year under review is the second year in the electoral cycle. It is also a year the department experienced leadership changes, wherein the Chief Financial Officer was transferred to another Department and both the Chief of Operations Officer and the Accounting Officer were appointed.

One of important developments this year was adoption by government of the outcomes approach as part of focusing on priority areas. There are in total twelve (12) outcomes agreed upon and Human Settlements is Outcome 8. The Outcome in turn has four measurable outputs with targets to be achieved by 2014. These are:

**Table 1: Outcome 8 Outputs**

Output	Description	Target
Output 1	<ul style="list-style-type: none"> <li>• Accelerated delivery of housing opportunities</li> <li>• Affordable rental housing stock</li> </ul>	<ul style="list-style-type: none"> <li>• 400 000 households</li> <li>• 80 000 units</li> </ul>
Output 2	Access to basic services	<b>Water:</b> from 92% to 100% <b>Sanitation:</b> from 69% to 100% <b>Refuse removal:</b> from 64% to 75% <b>Electricity:</b> from 81% to 92%
Output 3	Release of well-located land and properties owned and held by the State in the national sphere of government for purposes of housing and human settlements development	6 250 hectares
Output 4	Improved property market	600 000 housing opportunities

This approach in government has necessitated a review of the grant allocation formula, such that equity requirements are balanced with the need to achieve Outcome 8 targets. Subsequently the 80/20 split of Human Settlements Grant was reiterated where 20 percent will be ring-fenced for priority projects, while the 80 percent is allocated in line with the equity principles.

Cabinet resolved that the MIG for cities grant, which has been under the custodianship of the Department of Cooperative Government, be moved to Human Settlements. Cabinet further directed that this grant be merged with a portion of the Human Settlements grant to form a new grant now called Urban Settlements Development grant. This grant will be transferred directly to the Metros and will co-fund the development of bulk services.

Due to underperformance by some provinces Section 20 of the Division of Revenue Act had to be invoked. In this regard MinMEC resolved that funds be stopped and re-allocated from under-performing provinces to provinces demonstrating ability to spend. This had to be done in the interest of service delivery in the country, to avoid loss of funds by the sector and to ensure that outputs under Outcome 8 are achieved.

Austerity measures implemented since the financial melt down continued into the year under review. These helped the Department achieve the much needed savings on the operational budget. As a result approval was given that:

- R15 million of these savings be used to increase the Human Settlements grant. This was transferred to Gauteng to address some of the pressing needs of the citizenry.
- R34 million of the savings be used as a transfer payment to Servcon. This helped in reducing that entity's debts and thus moved it closer to its closure.

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- R25 million be used to fund a shortfall on the budget for work done by the Special Investigations Unit (SIU).

The Department has during the year embarked on a turn around process. This was necessitated by the need to align the Department to the expanded human settlements mandate and the achievement of the Outcome 8 objectives. It is therefore aimed at ensuring that the Department is able to respond effectively to the new human settlements mandate and the outcomes-based approach to delivery.

Acquisition of accommodation remained a challenge for the department. Added to this was the fact that the department is undertaking a turnaround strategy process. As a result some vacant positions could not be filled and related costs incurred. Under-expenditure on the compensation budget and related costs could therefore not be avoided as will be shown below, the underspending analysis.

The work of rationalising human settlements public entities continued as the first phase in the development of Finance Delivery Mechanism in support of the Human Settlements Sector was finalised. The initial outcome of this work has shown that although our institutions operate in their niche markets, they do overlap, they avoid taking sufficient risks and operate at too small a scale to impact significantly on the need.

Accreditation of the six Metros and two District Municipalities in the Northern Cape was this year achieved (Level 2 accreditation). The Municipal Capacity and Compliance Panel has been appointed to assess Level 1 and 2 accreditation and to facilitate and manage the post accreditation process of the six accredited Metros and two District Municipalities.

#### 1.2 Spending trends

**Table 2: Expenditure per programme as at 31 March 2011**

Programmes	Expenditure R'000	Total Allocation R'000	Variance R'000	% Spent
1. Administration	188 577	221 188	32 611	85.3%
2. Housing Policy, Research and Monitoring	32 636	43 871	11 235	74.4%
3. Housing Planning and Delivery Support	158 375	207 196	48 821	76.4%
4. Housing Development Finance	15 624 981	15 674 395	49 414	99.7%
5. Strategic Relations and Governance	87 384	145 109	57 725	60.2%
<b>Total</b>	<b>16 091 953</b>	<b>16 291 759</b>	<b>199 806</b>	<b>98.8%</b>

The Department's total expenditure for the period amounted to R16 billion representing 99 percent of the allocated funds. This rate of expenditure includes the grants and transfer payments which are budgeted for under programme four. As shown on the table above, the rate of underspending differs from programme to programme.

#### 1.2.1 Programme 1

Underspending is mainly due to:

- Funds provided for legal advisory services not yet paid (either to the State Attorney and/or private practices). This is due to the fact that cases were still in progress at year-end.
- Vacant positions and related costs.
- Austerity measures including the Minister's decision to forego some of the Ministerial benefits.

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**1.2.2 Programme 2**

- Vacant positions and related costs. This necessitated outsourcing of work to be done.
- Delays in appointing service providers. This meant that planned projects were not undertaken.
- Austerity measures which have been in place since the previous financial year.

**1.2.3 Programme 3**

- Vacant positions and related costs
- A Capacity Building Project which could not commence as the most acceptable proposal was costing much more than the approved budget. This meant that a planned project was aborted due to inadequate funding.
- Austerity measures which have been in place since the previous financial year.
- Invoices in respect of the Accelerated Community Infrastructure Programme (ACIP) were received too late before financial year end, as a result could not be captured for payment.

**1.2.4 Programme 4**

- Vacant positions and related costs.
- Austerity measures which have been in place since the previous financial year.
- Late approval by Treasury of a virement for Servcon. The entity will have to be closed during 2011/12 once its liabilities have been settled.

**1.2.5 Programme 5**

- Vacant positions and related costs.
- Austerity measures which have been in place since the previous financial year.
- The turnaround strategy process which had not been finalised at year end.
- The re-engineering exercise undertaken by SITA resulted in the termination of our contract with them. The Department had to undergo a procurement process which, though delayed, did not bring good results. The Department later in the year managed to have an Interim measure put in place. This resulted in a lack of support to provinces on the Housing Subsidy System and thus adversely affected the work of provinces.

**1.3 Virements**

**1.3.1 The following virements were part of the adjustment estimate:**

**Table 3: Details of virements which were part of the adjustment estimate**

Originating Programme	Receiving Programme	Amount R'000	Reason	Approved by
Programme 2	Programme 1	650	Funding for service provider to develop a turnaround strategy for the Department	National Treasury
Programme 3		1 300		
Programme 4		850		
Programme 5		200		
Programme 2	Programme 1	200	Funding of the appointment of a panel of advisor for the Minister	National Treasury
Programme 3		250		

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Originating Programme	Receiving Programme	Amount R'000	Reason	Approved by
Programme 3	Programme 1	8 000	Funding for additional office accommodation	National Treasury
Programme 5		1 000		
Programme 5	Programme 1	9 800	Funding compensation in respect of the staff absorbed from Thubelisha Homes and Servcon	National Treasury
Programme 5	Programme 4	15 000	Funding for the electrification of Thokoza Hostel	National Treasury
<b>Total</b>		<b>37 250</b>		

1.3.2 The following virements were approved after the adjustment estimate:

Table 4: Details of virements after adjustment estimate

Originating Programme	Receiving Programme	Amount R'000	Reason	Approved by
Programme 2	Programme 1	3 500	To fund expanded mandate of the Investigation Unit	Accounting Officer
Programme 3		6 000		
Programme 4		4 400		
Programme 5		9 000		
Programme 1	Programme 5	249	Funding for service provider to develop a turnaround strategy for the Department	Accounting Officer
Programme 3		2 200		
Programme 1	Programme 4	12 000	Servcon to fund part of its closure costs	National Treasury
Programme 3		4 000		
Programme 5		6 000		
Programme 1	Programme 4	1 460	Servcon to fund part of its closure costs	National Treasury
Programme 2		315		
Programme 3		5 825		
<b>Total</b>		<b>54 949</b>		



## 2. SERVICES RENDERED BY THE DEPARTMENT

The mandate of the National Department of Human Settlements is that of co-ordinating, communicating, and monitoring the implementation of policy. This includes:

- The setting of appropriate norms and standards for housing development;
- Implementation support, monitoring and evaluation;
- Research on human settlements related matters;
- Maintenance of a housing subsidy data bank (for housing information derived from, and for the other spheres of government, i.e. the Housing and Urbanisation Information System (HUIS), Housing Subsidies System (HSS) and housing debtors' systems;
- Assessment and analysis of appropriate information related to key housing indicators necessary for informed decision-making.

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

### 2.1 Tariff policy

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

### 2.2 Free services

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

### 2.3 Inventories

Inventories on hand at year-end are disclosed on the Financial Statements disclosure notes.

## 3. CAPACITY CONSTRAINTS

The Department's structure was not fully funded and its implementation is being phased in over a period. Shortage of space to accommodate additional staff has also proved to be a constraint. Additional office accommodation secured during the year was inadequate. However, attempts were made to secure even more towards the end of the financial year and occupation will only happen during the new financial year.

## 4. UTILISATION OF DONOR FUNDS

The Department of Human Settlements entered into a bilateral agreement with the Kingdom of Denmark in 2005 to explore the mainstreaming of energy efficiency in low-income housing. Thubelisha was appointed implementing agent of this project in Joe Slovo in the Western Cape. In 2008, the Joe Slovo show village was built which explored several different energy efficiency mechanisms in 49 housing units on the N2 Gateway in Cape Town.

However, the entire Joe Slovo project was delayed in 2009, when the community filed an application in the Constitutional Court. The ConCourt ruling was that housing should be designed along medium-density lines in order that 3 000 families could be housed instead of the 1 500 low-density housing units originally envisaged.

This necessitated a complete re-planning and re-design of the entire project over a period of some eighteen (18) months, thereby delaying the energy efficiency aspect of the project as well. The closure of Thubelisha Homes and the cession of the N2 Gateway from Thubelisha to the Provincial Department of the Western Cape also formed part of the delay in implementing the Danida-funded, energy-efficiency pilot project.

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During the financial year the Department received back from Thubelisha an amount of R1 798 289.36 being Danida donor funds left unspent as the entity was going through a closure process. The Department subsequently concluded a Memorandum of Agreement with the Western Cape Provincial Department of Human Settlements as implementing agent for the project.

A project manager was appointed to lead the work of the Project Steering Committee and Project Management Unit, ensure the documentation of the lessons learned, to inform future human settlements policy, particularly with regard to the energy efficiency components. An energy-efficiency expert will assist with the development and implementation of the Home Owners Awareness Programme and monitoring and evaluation of the pilot project.

## **5. TRADING ENTITIES AND PUBLIC ENTITIES**

The following is a list of trading/public entities established through the Department of Human Settlements:

### **5.1 South African Housing Fund**

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

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

Subsequent to the introduction of the Division of Revenue Act, MinMEC, during the 2003/4 financial year approved the disestablishment of the Fund as its continued existence was no longer necessary. The Fund was subsequently de-listed. In compliance with the Division of Revenue Act funds to provinces have since 2003/04 been transferred to the provinces in terms of that act while the Fund has continued to be dormant. The legislative process to facilitate the disestablishment of not only the South African Housing Fund but also all other provincial Funds has been delayed. Due to the Department's new mandate it has been realised that a new legislation will have to be introduced instead of amending the Housing Act as previously planned.

### **5.2 Servcon**

Servcon Housing Solutions was established in 1995 as a result of the "Record of Understanding", entered into between the Department of Housing (representing government) and the Banking Council (representing participating banks). The company was established in terms of the Companies Act of 1973 and was mandated to provide exclusive management services effective from 1 April 1998, with respect to a documented "ring-fenced" portfolio of 33 310 properties comprising Properties in Possession (PIPs) and Non-Performing Loans (NPLs) worth R1. 277 billion for a period of eight years from 1 April 1998 to 31 March 2006.

In 2006 the shareholders represented by the Banking Council and the Department of Human Settlements parted, in terms of the "sale of shares and claims agreement". During 2007 the institution undertook to assist provinces through a normalisation and regularisation programme.

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

### **5.3 Social Housing Foundation**

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

The Social Housing Foundation is currently being dissolved.

#### **5.4 National Urban Reconstruction and Housing Agency (NURCHA)**

The National Urban Reconstruction and Housing Agency was established as a Presidential Lead Project in 1995 by the South African government in partnership with the Open Society Institute as a Section 21 company in terms of the Companies Act (1973). It was thus intended to ensure that there will be flow of finance for the construction of low-income and affordable housing, community facilities and infrastructure.

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

#### **5.5 National Home Builders Registration Council (NHBC)**

The National Home Builders Registration Council was established in terms of the Housing Consumer Protection Measures Act, 95 (Act No 95 of 1998).

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

Since its inception, it has been striving to regulate and provide better services to consumers through the registration of homebuilders, the enrolment of homes and home inspections. The institution continues to manage the Housing Consumers Warranty Fund. Training home builders, includes emerging builders, the unemployed, the youth, women and people with disabilities – it remains a critical strategic and operational focus of the Council.

#### **5.6 National Housing Finance Corporation (NHFC)**

The National Housing Finance Corporation was established following a Cabinet decision in May 1996, as envisaged in the White Paper on Housing. The institution was established as a development finance institution and is mandated to make housing finance accessible and affordable to low-income and middle-income households. It searches for new ways of mobilising finance for housing from sources outside the state in partnership with the broadest range of organisations. It also provides wholesale finance and acts as a fund and risk manager.

#### **5.7 Thubelisha Homes**

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

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

#### **5.8 Rural Housing Loan Fund (RHLF)**

The Rural Housing Loan Fund (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.

#### **5.9 Housing Development Agency**

The Housing Development Agency (HDA) was established in terms of the Housing Development Agency Act (2008) and began operations in April 2009. The purpose of the agency is to identify, acquire, hold, develop and release state and privately owned land for residential and community purposes and for the creation of sustainable human settlements.

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The Agency is required to facilitate the acquisition of land in a way that supplements the capacities of government across all spheres. It also provides project management expertise in human settlement projects and facilitates the development of projects through accelerated and innovative project packaging. Part of its role is to enhance the capacity of municipalities and provinces to deliver integrated sustainable human settlements

#### 5.10 The Social Housing Regulatory Authority (SHRA)

The Social Housing Regulatory Authority (SHRA) was established in terms of the Social Housing Act (Act No 16 of 2008). The main object of SHRA is to regulate and support the social housing sector in order to accelerate the delivery of sustainable and financially viable social housing projects. It is responsible for the disbursement of institutional investment and capital grants to social housing institutions.

### 6. ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

The Department transferred funds to the following organisations:

**Table 5**

	Organisation	Amount R million	Remarks
1	Provinces - Integrated Housing and Human Settlement Development - Housing Disaster Relief Grant	15 041 763 133 800	This is to fund the national and provincial housing programmes.
2	Habitat Foundation	326	Annual contribution to the forum
3	Cities Alliance	358	Annual contribution to the forum
4	Social Housing Foundation	6 621	In terms of the finding legislation
	Social Housing Regulatory Authority	186 771	In terms of the finding legislation
5	Rural Housing Loan Fund	49 500	In terms of the finding legislation
6	Servcon	34 000	In terms of the finding legislation
7	Housing Development Agency	69 300	In terms of the finding legislation
	<b>Total</b>	<b>15 522 439</b>	

### 7. PUBLIC-PRIVATE PARTNERSHIP

No public-private partnership as contemplated in terms of the Treasury Regulations is in place..

### 8. CORPORATE GOVERNANCE ARRANGEMENTS

#### 8.1 Internal Audit

The Department's Internal Audit Directorate operates in accordance with the PFMA, Treasury Regulations and the approved Internal Audit Charter which defines the purpose, authority and responsibility of the Unit. The audit approach and methodologies of the Unit are based on the Standards for the Professional Practice of Internal Auditors and in accordance with Treasury Regulation 3.2.6. The Unit has also adopted a risk-based auditing approach. The Internal Audit Unit focuses mainly on providing assurance and consultancy services to management and the Audit Committee on matters pertaining to systems of control, risk management and governance processes. The Unit through its Chief Audit Executive reports functionally to the Audit Committee and administratively to the Accounting Officer.

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The Audit Committee continuously assesses the performance of the Internal Audit Directorate to determine the level of its effectiveness and recommends areas which need improvement.

The Unit as per requirements of IIA's Standards and Treasury Regulations developed a three-year rolling operational plan and inclusive of a one operational audit plan in consultation with stakeholders. Our reviews reflected that there are adequate systems of control in the Department; however of concern is the effectiveness of those controls. Recommendations were made on weaknesses identified and management committed itself to implement agreed action plans.

### **8.2 Audit Committee**

The Department has an Audit Committee (AC) which operates in accordance with the requirements of the PFMA and Treasury Regulations. The Audit Committee comprises of members drawn from outside the public service. In addition the Committee also operates in terms of written Terms of Reference (Charter), which were reviewed and approved in the current period.

During the period under review the term of the current Audit Committee came to end in December 2010, and Department reviewed the composition of the Committee, reducing it from seven (7) members to five (5) and for continuity three (3) members were retained and two (2) vacant positions were advertised. The Committee met five (5) times during the year.

The Committee has unrestricted access to information and personnel of the Department. A 360-degree evaluation of the performance of the Committee is done annually to assess its performance and measures are put in place to address the weaknesses identified.

### **8.3 Risk management**

The Department has a fully functional Risk Management Committee whose responsibility it is to assist the Accounting Officer in addressing its oversight requirements of risk management, evaluating and monitoring the institution's performance with regards to risk management. Furthermore the Committee's role is to formulate, promote and review the institution's Enterprise Risk Management objectives, strategy and policy and monitor the process at strategic management and operational levels.

The Committee is composed of executive and non-executive members including a representative from the Audit Committee and the Chairperson who is a non-executive member. The Risk Management Committee operates in accordance with the approved Terms of Reference and Risk Management Policy and Framework which is updated annually.

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

During the period the RMC was not optimally functional due to lack of participation from the risk owners and these were discussed both in the RMC and Audit Committee and measures have been put in place to address them. The Committee held four (4) meetings in this period.

A strategic, information technology and fraud risk assessment process was undertaken where Department identified, evaluated and allocated responsibility for managing and controlling the business risks confronting the Department.

### **8.4 Special Investigations**

The Department also has in place a Special Investigations Directorate with the mandate of prevention and detection of corrupt activities and to ensure reduction of corruption in the housing sector is achieved. In implementing its mandate the Directorate has developed a Fraud Prevention Policy and Plan with the following principles:



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- Creating a culture which is intolerant to fraud and corruption;
- Deterrence of fraud and corruption;
- Preventing fraud and corruption which cannot be deterred;
- Taking appropriate action against fraudsters and corrupt individuals, e.g. prosecution, disciplinary action etc.;
- Applying sanctions which include re-dress in respect of financial losses.

There is a whistle-blowing policy which protects employees who choose to report corrupt and other criminal activities. The Whistle-Blowing Policy and Fraud Prevention Policy and Plan was reviewed and approved by the Accounting Officer of the Department during the current financial year. The Department subscribes to the National Anti-Corruption Hotline (0800 701 701).

A strategic partnership between the Department and the Special Investigating Unit (SIU) is in place for investigations into allegations of improper conduct in the housing subsidy systems. This resulted in the arrest of 1 337 officials (401 municipal officials; 936 government officials) who defrauded the low-income housing subsidy scheme and securing 1 205 convictions (334 municipal officials & 871 government officials) from these arrest. In addition, a total of 2 475 acknowledgements of debt (860 municipal officials; 1 615 government officials) to the value of R29.9 million (R8.2 million from municipal officials & R21.7 million from government officials) were signed on behalf of the Department (for the recovery of financial loss to government). For the current year, a total amount of R17.8 million was recovered by the Department from these investigations; 1 588 files involving government officials were prepared for disciplinary processes during the period under review.

The Department has strengthened its partnership with SIU by instituting a national audit to examine the causes of chronic problems in the delivery of housing. The SIU is leading this process – the scope of the national audit covers an evaluation of the beneficiary administration system to determine inefficiencies, problems relating to the procurement and awarding of tenders to contractors, procedures and management of projects, poor workmanship by developers/contractors and broken houses, illegal sales of subsidised houses and blocked and delayed projects.

Investigations into 2 housing contracts were completed (Ntabankulu - Eastern Cape Province and Ba Ga Phuduhucwana/Ba Ga Maudi, North West) during the current financial year. The value of these housing contracts is R9 million and cases were referred to the NPA and SAPS for warrants of arrest and court appearance.

Four (4) syndicate operations (Tsakane Ext 11 & 15 - Gauteng Province; Stinkwater Ward 14 and Freedom Park - North West Province) were investigated and finalised. Seven (7) suspects (including 3 ward councillors) were arrested and cases were referred to the NPA and SAPS for further processing.

As a deterrent measure, the Department intends to publish the outcomes of court cases and details of civil recoveries in the print media, on radio and via internal newsletter.

## **9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED**

The South African Housing Fund was de-listed during 2004/05. The de-listing of the Fund is due to the agreement with National Treasury that the continued existence of the Fund is no longer necessary. This decision was approved by MinMEC in November 2003.

The legislative process is underway to:

- Amend the Housing Act in order to effect alignments between the Housing Act, the Public Finance Management Act and the Division of Revenue Act.
- Disestablish the Fund.

The effect of the above mentioned is that funding for housing development is, and will be, transferred to the provinces in terms of the Division of Revenue Act (DoRA) and not channelled through the Funds.

The winding up of Thubelisha Homes, the Social Housing Foundation and Servcon is still in process.



## 10. NEW/PROPOSED ACTIVITIES

### 10.1 Mortgage Default Insurance Programme

Output 4 of Outcome 8 aims at facilitating increased supply of affordable housing finance and the target to be achieved is 600 000 households.

To this end, the Department – in partnership with National Housing Finance Corporation – is in the process of introducing a Mortgage Default Insurance (MDI) Programme. This programme will protect the mortgage lender against potential loss in the event of default by the borrower, where the outstanding debt exceeds the realised value from the sale of the house.

The current proposal is for the MDI Programme to be housed in a subsidiary of the National Housing Finance Corporation. Setting up such a subsidiary to implement the MDI programme the NHFC will require R150 million.

A Government Guarantee of R1 billion will represent a reinsurance cover for the MDI, and will create access to 120 000 housing loans. Assurance will be required for an additional government guarantee by 2013, worth R3 billion, to achieve the stated target of 600 000 in the government-led MDI programme.

### 10.2 Transfer of functions from the Social Housing Foundation

The Social Housing Foundation is currently undergoing a closure process due to a realisation that there is a need for rationalisation of housing institutions. It is envisaged that the Technical Services Programme, Research & Development and Public Sector Support Programme functions will be transferred to the Department.

The effect on the operations of the Department will not be significant as the Department has existing units with similar activities as performed by the Foundation. It is estimated that the financial implications of this envisaged function transfer will be R0.6 million.

## 11. ASSET MANAGEMENT

The Department's fixed asset register is on the LOGIS system. This system is supplemented by the "e-asset system" which has a bar-coding module that assists in managing physical location of assets and facilitating physical verification. The Department's compliance to the Asset Management Reform has been delayed due to capacity constraints as the Departmental structure was not fully funded. In order to achieve the Asset Management Reform (AMR) milestones a draft Asset Management Strategy has been finalised and ready for approval in the new financial year.

## 12. EVENTS AFTER THE REPORTING DATE

The Department was at year-end in the process of appointing a Chief Director: Information Technology and Systems who will be the Chief Information Officer of the Department.

## 13. PERFORMANCE INFORMATION

The mandate of the Chief Directorate: Strategic Management is to manage the development of Departmental Strategic and Performance Plans and to monitor the implementation of these plans on quarterly and annual basis and submit performance reports to the Accounting Officer and the Executing Authority.

The Chief Directorate's mandate is derived from the Public Finance Management Act, Chapter 2 of the Treasury Regulations, Guidelines to the Accounting Officers, the Public Service Regulations, Chapter 1 part (iii) and (vii) and the Constitution (Act No 108 of 1996), Section 92, sub-section 3(a) and (b) and Section 133(3).

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The Directorate: Organisational Performance Monitoring within this Chief Directorate is responsible for ongoing monitoring of Departmental Programmes' performance and has the prime responsibility of identifying performance problems and make recommendations towards their successful resolution.

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

The Department is required to report on Departmental performance to the Executing Authority in terms of Section 40 (1, d) of the Public Finance Management Act (1999 as amended), which stipulates that the Executing Authority is responsible for an Annual Report on the activities of the Department, Public Entity or Constitutional Institution during any financial year.

The Directorate: Organisational Performance Monitoring analyses and evaluates the performance of various programmes/sub-programmes in the Department on an annual and quarterly basis. The purpose of such analyses and evaluation is:

- To determine the factual correctness or accuracy of Programmes' actual achievements against targets as detailed in the approved Branches Annual Performance Plans.
- To determine whether the strategic objectives, outputs and targets as detailed in the Departmental Annual Performance Report are the same as those indicated in the approved Departmental Strategic and Performance Plans.
- To verify whether the reported actual achievements have been achieved as reported in the Performance Reports.
- To advise the Director-General on the implementation of the approved Departmental Strategic and Performance Plans and Performance Indicators stated in the Estimates of National Expenditure (ENE), 2010/11.

This is achieved through the following criteria:

- An assessment of the extent to which the submitted Performance Reports adhere to guidelines and approved formats and templates for the submission of non-financial performance information, quarterly and annually.
- Comparative analysis of the approved Departmental Strategic and Performance Plans and the Departmental Performance Reports.
- Comparative analysis of the ENE 2010/11 and the Departmental Annual Performance Report 2010/11.
- Verification of the validity, integrity and quality of the performance information as detailed in the Departmental Performance Reports

The Chief Directorate is therefore required to submit the Departmental Annual Performance Report to the Accounting Officer on the approved strategy of the Department for approval.

The Chief Directorate is further required to submit the Departmental Annual Performance Evaluation Report with recommendations to the Accounting Officer on the overall performance of the Department against

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planned targets and outputs.

## 14. SCOPA RESOLUTIONS

**Table 6**

Reference to previous Audit Report and SCOPA Resolutions	Subject	Resolution	Progress
2005/06 Performance Audit Report	Approval and allocation of housing subsidies at Provincial Housing Departments.	<p>On its Report Number 76, dated 6 September 2006 the SCOPA resolved that:</p> <p>(a) The practice of separation of duties is complied with and that only duly authorised senior management is allowed to effect overrides to subsidy applications.</p> <p>(b) The Department establishes an ID verification mechanism that is linked to data on the Home Affairs database.</p> <p>(c) The Department must ensure that policy guidelines with respect to the administration and awarding of subsidies are enforced.</p> <p>(d) The Department must report to Parliament on disciplinary action taken against employees who engaged in fraudulent and corrupt activities.</p> <p>(e) All missing applications are presented for audit purposes and that henceforth the archiving system is in line with best practice.</p> <p>(f) The National Department of Housing institutes a comprehensive strategy of co-operation and integration with provincial departments.</p> <p>(g) The Department submits a progress report to Parliament on the status of implementation of instructions from the Minister.</p>	<p><b>a) SEPARATION OF DUTIES</b> This was addressed and reported in the previous year's Annual Report.</p> <p><b>(b) ID VERIFICATION MECHANISM</b> This was addressed and reported in the previous year's Annual Report.</p> <p><b>(c) POLICY GUIDELINES</b> The revision of the current National Housing Code was approved by the Minister.</p> <p><b>(d) DISCIPLINARY ACTION TAKEN AGAINST EMPLOYEES</b> The SIU is now involved in assisting the provinces with investigating various cases of fraud. The Special Investigation Unit reports on a regular basis to the National Department on the number of case files opened.</p> <p><b>(e) RECORDS MANAGEMENT</b> This was addressed and reported in the previous year's Annual Report.</p> <p><b>(f) STRATEGY OF COOPERATION AND INTEGRATION WITH PROVINCIAL DEPARTMENTS</b> This was addressed and reported in the previous year's Annual Report.</p> <p><b>(g) STATUS OF IMPLEMENTATION OF STATEMENTS BY THE MINISTER</b> Previous statements by the Minister were addressed and reported in regular Progress Reports that were submitted to Parliament.</p>

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Reference to previous Audit Report and SCOPA Resolutions	Subject	Resolution	Progress
2008/09 Performance Audit Report	Approval of housing subsidies to municipal employees and the administration of low-cost housing projects by certain Provincial Housing Departments	<p>On its 27th Report dated 18 November 2008 the SCOPA recommended that:</p> <p>a) applicants submit adequate proof of income and updated payslips;</p> <p>(b) applicants submit supporting documentation regarding spouses and dependents;</p> <p>(c) affidavits must accompany application forms;</p> <p>(d) there is collaboration with municipalities where applicants are employed, with a view of instituting disciplinary action against municipal employees who made false affidavits, and legal action should be considered accordingly;</p> <p>(e) measures are instituted to ensure the safe-keeping of completed subsidy application forms;</p> <p>(f) where properties were allocated to individuals who should have been disqualified as a result of their household income, consideration should be given to give those properties to qualifying applicants and that forensic investigations into corruption and collusion are conducted;</p> <p>(g) contracts with developers include retention and penalty clauses to ensure that contractors will forfeit money for bad workmanship;</p> <p>(h) disciplinary actions are taken against inspectors who certified on inspection certificates that top structures had been successfully completed by developers when the general condition of the houses was poor and unsatisfactory; and</p> <p>(i) there is integration of their database with that of SARS to verify eligibility through PAYE information.</p>	<p>(a) This was addressed and reported in the previous year's Annual Report.</p> <p>(b) This was addressed and reported in the previous year's Annual Report.</p> <p>(c) This was addressed and reported in the previous year's Annual Report.</p> <p>(d) Special Investigation Unit is assisting the provincial departments to prepare files for disciplinary action where cases of fraud were proven. The Special Investigation Unit reports on a regular basis to the national and provincial departments on the number of case files opened.</p> <p>(e) This was addressed and reported in the previous year's Annual Report.</p> <p>(f) This was addressed and reported in the previous year's Annual Report.</p> <p>(g) This was addressed and reported in the previous year's Annual Report.</p> <p>(h) This was addressed and reported in the previous year's Annual Report.</p> <p>(i) This was addressed and reported in the previous year's Annual Report.</p>

## 15. PRIOR MODIFICATIONS TO AUDIT REPORTS

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

**Table 7**

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
<p><b>1. Public Finance Management Act</b> The Department was a party to an agency agreement with the National Housing Finance Corporation and Thubelisha Homes for a loan to the value of R100 million for the N2 Gateway Project without complying with Sections 66, 70(1)(a), 38(1)(c)(ii) and 38(2) of the PFMA, which requires the approval of the Minister of Finance and states that the Accounting Officer of a Department may not commit a Department to any liability for which money has not been appropriated; or may not issue a guarantee without the approval of the Executive Authority in concurrence with the Minister of Finance. Consequently, the Department reported a contingent liability as disclosed in the Financial Statements.</p>	2008/2009	<p>A circular was sent out to all staff formally instructing staff that all agreements or contracts that bind the Department must be presented to Legal services for scrutiny and assurance to ensure that such agreements or contract do comply with national legislation.</p> <p>Letters were sent to both public entities affected to terminate the agreement and not to revive it again.</p> <p>The matter was investigated and disciplinary enquiry instituted.</p> <p>The disciplinary hearing was finalised in April 2011 and the employee awarded with a sanction.</p>
<p><b>2. Treasury Regulations</b> The Accounting Officer did not in all instances pay creditors within 30 days from receipt of invoice as required by Treasury Regulation 8.2.3.</p>	2008/2009	<p>Letters has been sent out to service providers requesting that invoices be submitted at SCM.</p> <p>Request for quotations has been enhanced such that it outlines the terms and conditions one of them being that the invoices should be submitted to SCM or be posted where they will be received by the registry.</p> <p>Where original invoices can be sent by mail, the SCM has created an email address to which suppliers may send the invoices (invoices@dhs.gov.za).</p> <p>Receiving, recording and distribution of invoices to Responsibility Managers has been centralised with one person.</p> <p>A circular on the importance of timely payments has been sent out to all managers.</p> <p>The turnaround time in respect of invoices distributed to Responsibility Managers; approval has been fixed at three (3) working days.</p>

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Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
<b>2. Treasury Regulations</b> The Accounting Officer did not in all instances pay creditors within 30 days from receipt of invoice as required by Treasury Regulation 8.2.3	2008/2009	Date stamps for invoices received were introduced; an electronic-invoice register was also implemented.
<b>3. Irregular Expenditure</b> Irregular expenditure to the amount of R920 000 was incurred, as proper procurement processes had been followed as well as non-compliance with Public Service Regulations, 2001 resulting from officials acting in vacant positions without the relevant approval.	2009/2010	A request for condonation was done during the year and is currently under consideration.

**16. EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY**

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

**17. OTHER MATERIAL MATTERS**

There are no other material matters to be reported.

**18. APPROVAL**

The Annual Financial Statements starting from pages 119 to 214 have been approved by the Accounting Officer.



T W Zulu  
**Director-General**  
31 May 2011





## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the National Department of Human Settlements, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 142 to 199.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with The Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DoRA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and Section 40(2) of the PFMA, my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

7. 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 2011, and its financial performance and cash flows for the year then ended in accordance with The Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA).

### Emphasis of matters

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

### Significant uncertainties

9. With reference to note 19 to the financial statements, the department is the defendant in various lawsuits. The outcome of these matters cannot currently be determined, and an amount of R4 920 000 has been disclosed as a contingent liability in the financial statements.

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 30:  
NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS**

**Restatement of corresponding figures**

10. As disclosed in note 23 to the financial statements, "Lease commitments", the corresponding figure for 31 March 2010 has been restated as a result of an omission discovered during 2010/11 in the financial statements of the national Department of Human Settlements at, and for the year ended, 31 March 2010.

**Irregular expenditure**

11. The department incurred irregular expenditure of R12 100 000, disclosed in note 24 to the financial statements, as the expenditure was in contravention of the PFMA, Treasury Regulations relating to supply chain management and Public Service Regulations.

**Material underspending of the Rural Household Infrastructure grant**

12. As disclosed in the appropriation statement, the department has materially underspent the budget on programme 4, sub-programme: Rural Household Infrastructure Development to the amount of R38 386 000 of a total allocation of R100 000 000. As a consequence, the department has not achieved on certain of its objectives of providing sanitation services to the rural communities.

**Additional matter**

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

**Unaudited supplementary schedules**

14. The supplementary information set out on pages 215 to 240 does not form part of the financial statements and is presented as additional information. I have not audited these schedule(s) and, accordingly, I do not express an opinion thereon.

**Financial reporting framework**

15. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the department.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

16. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 17 to 118 and material non-compliance with laws and regulations applicable to the Department.

**Predetermined objectives**

**Usefulness of information**

17. The reported performance information was deficient in respect of the following criteria:

- Measurability: The targets are not measurable.

18. The following audit findings relate to the above criteria:

- For the selected indicators, 29 % of the planned and reported targets were not measurable in identifying the required performance.

**Reliability of information**

19. The reported performance information was deficient in respect of the following criteria:

- Validity: The reported performance did not occur and does not pertain to the entity.

20. The following audit findings relate to the above criteria:

- Sufficient appropriate evidence to support the reasons for major variances between the planned and the actual reported targets could not be obtained; therefore 40 % of the reasons for major variances could not be verified.
- For 48 % of the selected material reported targets the source information or evidence provided was not valid.

### Compliance with laws and regulations

#### Annual financial statements, performance and annual reports

21. The accounting officer submitted financial statements for auditing that were not prepared in all material aspects in accordance with generally recognised accounting framework prescribed by the National Treasury, as required by sections 40(1)(a) and (b) of the PFMA. The material misstatements identified by the AGSA with regard to the disclosure items were subsequently corrected.

#### Expenditure management

22. The accounting officer did not take effective and/or appropriate steps to prevent irregular expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA and TR 9.1.1.

23. Payments due to creditors were not always settled within 30 days from receipt of an invoice as per the requirements of section 38(1)(f) of the PFMA and TR 8.2.3.

#### Procurement and contract management

24. Invitations for competitive bidding were not advertised for a minimum period of 21 days as per the requirements of TR 16A6.3(c).

25. The evaluation criteria and system to be used in awarding preference points for the procurement were not specified in the bidding documents, nor did it specify the maximum points to be awarded for Historically Disadvantaged Individual ("HDI"), as required by section 7 of the Preferential Procurement Policy Framework, 2000 (Act No. 5 of 2000).

#### Transfer of funds and/or conditional grants

26. The accounting officer did not complete and submit to the National Treasury, the compliance certificate as required by section 10(1)(a) of Division of Revenue Act, 2010 (Act No 1 of 2010) (DoRA) by 15 April 2011, in respect of the Rural Household Infrastructure grant.

### INTERNAL CONTROL

27. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance Report and the findings on compliance with laws and regulations included in this report.

#### Leadership

28. The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance with laws and regulations and related internal controls.

#### Financial and performance management

29. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

30. Management did not review and monitor compliance laws and regulations.

Auditor - General

31 July 2011



AUDITOR-GENERAL  
SOUTH AFRICA

Auditing to build public confidence

Appropriation per Programme									
Appropriation Statement	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
<b>1. Administration</b>									
Current payment	197 289	(994)	9 191	205 486	180 232	25 254	87.7%	159 053	109 578
Transfers and subsidies	-	5	-	5	5	-	100.0%	140	135
Payment for capital assets	14 708	989	-	15 697	8 340	7 357	53.1%	8 577	4 136
Payment for financial assets	-	-	-	-	-	-	-	-	-
	211 977	-	9 191	221 188	188 577	32 611	-	167 770	113 849
<b>2. Housing Policy Research and Monitoring</b>									
Current payment	47 038	(664)	(3 815)	42 559	31 903	10 656	75.0%	65 499	44 651
Transfers and subsidies	-	210	-	216	204	12	94.4%	-	-
Payment for capital assets	642	454	-	1 096	529	567	48.3%	1 676	320
Payment for financial assets	-	-	-	-	-	-	-	-	-
	47 686	-	(3 815)	43 871	32 636	11 235	-	67,175	44,971
<b>3. Housing Planning and Delivery Support</b>									
Current payment	165 774	(31 680)	(17 759)	116 335	101 078	15 257	86.9%	159,024	90,782
Transfers and subsidies	4 000	5 855	-	9 855	9 837	18	99.8%	7 064	7 012
Payment for capital assets	55 447	25 825	(266)	81 006	47 460	33 546	58.6%	3 418	795
Payment for financial assets	-	-	-	-	-	-	-	-	-
	225 221	-	(18 025)	207 196	158 375	48 821	-	169 506	98 589
<b>4. Housing Development Finance</b>									
Current payment	59 965	(1 125)	(16 400)	42 440	40 283	2 157	94.9%	50 914	41 046

Appropriation per programme									
Appropriation Statement	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Transfers and subsidies	15 487 756	1 005	41 600	15 530 361	15 522 627	7 734	100.0%	12 981 436	12 944 894
Payment for capital assets	101 474	120	-	101 594	62 071	39 523	61.1%	1 345	358
Payment for financial assets	-	-	-	-	-	-	-	-	-
	15 649 195	-	25 200	15 674 395	15 624 981	49 414		13 033 695	12 986 298
<b>5. Strategic Relations and Governance</b>									
Current payment	154 397	(834)	(12 076)	141 753	85 788	55 965	60.5%	161 047	124 999
Transfers and subsidies	1 000	1	-	1 001	684	317	68.3%	1 529	911
Payment for capital assets	2 263	37	(545)	2 355	912	1 443	38.7%	4 083	744
Payment for financial assets	-	-	-	-	-	-	-	-	-
	157 660	-	(12 551)	145 109	87 384	57 725	-	166 659	126 654
<b>Subtotal</b>	<b>16 291 759</b>	<b>-</b>	<b>-</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>	<b>98.8%</b>	<b>13 604 805</b>	<b>13 370 361</b>
<b>Statutory Appropriation</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>16 291 759</b>	<b>-</b>	<b>-</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>	<b>98.8%</b>	<b>13 604 805</b>	<b>13 370 361</b>
<b>TOTAL (brought forward)</b>									

**APPROPRIATION STATEMENT**  
 for the year ended 31 March 2011

Appropriation per programme									
2010/11								2009/10	
Appropriation Statement	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Reconciliation with Statement of Financial Performance</b>									
<b>ADD</b>									
Departmental receipts				2 826				749	-
Direct Exchequer receipts				-				-	-
Aid assistance				1 798				-	-
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>16 296 383</b>				<b>13 605 554</b>	-
<b>ADD</b>									
Aid assistance					1 798			-	1 463
Direct Exchequer payments									
Prior year unauthorised expenditure approved without funding									
<b>Actual amounts per statement of financial performance (total expenditure)</b>				<b>-</b>	<b>16 093 751</b>			<b>-</b>	<b>13 371 824</b>



Appropriation per economic classification									
	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	289 006	(11 406)	(37 505)	240 095	216 455	23 640	90.2%	185 438	156 414
Goods and services	334 972	(24 204)	(3 250)	307 518	222 457	85 061	72.3%	409 499	254 173
Interest and rent on land	485	300	(34)	751	173	578	23.0%	357	250
<b>Transfers and subsidies</b>									
Provinces and municipalities	15 175 563	-	-	15 175 563	15 175 563	-	100.0%	12 592 276	12 592 276
Departmental agencies and accounts	312 193	-	41 600	353 793	346 193	7 600	97.9%	389 075	352 613
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	1 000	-	-	1 000	684	316	68.4%	1 000	745
Public corporations and private enterprises	-	-	-	-	-	-	-	109	108
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4 006	7 076	-	11 082	10 917	165	98.5%	7 709	7 210
Gifts and donations	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>									
Buildings and other fixed structures	153 060	24 880	-	177 940	108 559	69 381	61.0%	152	-
Machinery and equipment	18 831	3 001	(729)	21 103	10 383	10 720	49.2%	16 390	5 724
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	2 643	144	(82)	2 705	370	2 335	13.7%	2 554	626
<b>Payments for financial assets</b>	-	209	-	209	199	10	95.2%	246	222
<b>Total</b>	<b>16 291 759</b>	<b>-</b>	<b>-</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>	<b>98.8%</b>	<b>13 604 805</b>	<b>13 370 361</b>

APPROPRIATION STATEMENT  
 for the year ended 31 March 2011

Statutory Appropriation									
2010/11								2009/10	
Direct charges against the National/Provincial Revenue Fund	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
List all direct charges against the National/Provincial Revenue Fund									
President and Deputy President salaries									
Member of Executive Committee / parliamentary officer									
Judges and magistrates salaries									
Sector education and training authorities (SETA)									
National Skills Fund									
<b>Total</b>	-				-	-	-	-	-

Programme 1: Administration Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>1.1 Minister</b>									
Current payment	1 816	9	-	1 825	1 825	-	100.0%	1 729	1 718
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>1.2 Deputy Minister</b>									
Current payment	1 496	358	-	1 854	1 840	14	99.2%	1 275	1 275
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>1.3 Management</b>									
Current payment	83 212	(745)	17 540	100 007	87 774	12 233	87.8%	74 428	54 895
Transfers and subsidies	-	5	-	5	5	-	100.0%	135	130
Payment for capital assets	2 609	407	-	3 016	1 130	1 886	37.5%	3 288	2 068
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>1.4 Corporate Services</b>									
Current payment	86 244	(616)	(8 349)	77 279	65 667	11 612	85.4%	72 071	47 614
Transfers and subsidies	-	-	-	-	-	-	-	5	5

DETAIL PER PROGRAMME 1 ADMINISTRATION  
for the year ended 31 March 2011

Programme 1: Administration Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Payment for capital assets	12 099	582	-	12 681	7 210	5 471	56.9%	5 289	2 068
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>1.5 Office accommodation</b>									
Current payment	24 521	-	-	24 521	23 126	1 395	94.3%	9 550	4 076
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>211 997</b>	<b>-</b>	<b>9 491</b>	<b>221 488</b>	<b>188 577</b>	<b>32 611</b>	<b>85.3%</b>	<b>167 770</b>	<b>113 849</b>

Appropriation per economic classification									
Programme 1: Administration Per Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Ap- propriation R'000	Actual Expendi- ture R'000	Variance R'000	Expendi- ture as % of Final Ap- propriation	Final Ap- propriation R'000	Actual Expendi- ture R'000
<b>Current payments</b>									
Compensation of employees	93 119	(2 684)	(12 437)	77 998	73 423	4 575	94.1%	63 073	55 146
Goods and services	103 985	1 513	21 628	127 126	106 674	20 452	83.9%	95 610	54 166
Interest and rent on land	183	96	-	281	62	219	22.1%	201	116
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	109	108
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	5	-	5	5	-	100.0%	31	27
Gifts and donations	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	-	152	-
Machinery and equipment	12 418	989	-	13 407	8 169	5 238	60.9%	7 580	3 800
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-

DETAIL PER PROGRAMME 1 ADMINISTRATION  
for the year ended 31 March 2011

Appropriation per economic classification									
Programme 1: Administration Per Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	2 290	-	-	2 290	171	2 119	7.5%	846	336
<b>Payments for financial assets</b>	-	81	-	81	73	8	90.1%	168	150
<b>Total</b>	<b>211 997</b>	<b>-</b>	<b>9 191</b>	<b>221 188</b>	<b>188 577</b>	<b>32 611</b>	<b>85.3%</b>	<b>167 770</b>	<b>113 849</b>



Programme 2: Housing Policy, Research and Monitoring Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>2.1 Management</b>									
Current payment	2 603	(29)	-	2 574	2 366	208	91.9%	2 159	1 657
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	16	29	-	45	28	17	62.2%	55	21
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>2.2 Policy Development</b>									
Current payment	9 503	(140)	(315)	9 398	7 459	1 939	79.4%	9 636	7 237
Transfers and subsidies	-	130	-	130	189	1	99.5%	-	-
Payment for capital assets	338	-	-	338	113	225	33.4%	335	94
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>2.3 Research</b>									
Current payment	15 334	(50)	(3 500)	11 784	7 648	4 136	64.9%	10 063	5 095
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	88	50	-	138	37	101	26.8%	609	69
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>2.4 Monitoring and Evaluation</b>									
Current payment	19 198	(395)	-	18 803	14 430	4 373	76.7%	43 641	30 662
Transfers and subsidies	6	20	-	26	15	11	57.7%	-	-
Payment for capital assets	200	375	-	575	351	224	61.0%	677	136
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>47 686</b>	<b>-</b>	<b>(3 815)</b>	<b>43 871</b>	<b>32 636</b>	<b>11 235</b>	<b>74.4%</b>	<b>67 175</b>	<b>44 971</b>

DETAIL PER PROGRAMME 2 HOUSING POLICY, RESEARCH AND MONITORING  
for the year ended 31 March 2011

Programme 2: Housing Policy, Research and Monitoring Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	27 163	(598)	(2 492)	24 073	19 890	4 183	82.6%	22 550	16 811
Goods and services	19 825	(106)	(1 323)	18 396	11 988	6 408	65.2%	42 893	27 804
Interest and rent on land	50	40	-	90	25	65	27.8%	55	34
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	6	210	-	216	204	12	94.4%	-	-
Gifts and donations	-	-	-	-	-	-	-	-	-
<b>Payment for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	607	454	-	1 061	529	532	49.9%	1 365	320
Heritage assets	-	-	-	-	-	-	-	-	-

Programme 2: Housing Policy, Research And Monitoring Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	35	-	-	35	-	35	-	310	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	2	2
<b>Total</b>	<b>47 636</b>	<b>-</b>	<b>(3 815)</b>	<b>43 871</b>	<b>32 636</b>	<b>11 235</b>	<b>74.4%</b>	<b>67 175</b>	<b>44 971</b>

DETAIL PER PROGRAMME 2 HOUSING POLICY, RESEARCH AND MONITORING  
for the year ended 31 March 2011

Programme 3: Housing Planning and Delivery Support Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>3.1 Management</b>									
Current payment	3 007	2 002	-	5 009	4 638	371	92.6%	29 094	28 430
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	227	-	-	227	32	195	14.1%	555	74
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.2 Programme Implementation Support</b>									
Current payment	9 566	(530)	(1 911)	7 125	5 563	1 492	78.9%	6 432	5 283
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	205	-	(89)	116	15	101	12.9%	531	79
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.3 Rental Housing and People's Housing Process</b>									
Current payment	20 460	(191)	(3 825)	16 444	11 572	4 872	70.4%	17 776	11 432
Transfers and subsidies	-	191	-	191	191	-	100.0%	30	24
Payment for capital assets	590	-	-	590	27	563	4.6%	460	24
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.4 Stakeholder Mobilisation</b>									
Current payment	16 881	(501)	(2 000)	14 380	12 567	1 813	87.4%	13 366	10 895
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	377	-	-	377	79	298	21.0%	829	134
Payment for financial assets	-	-	-	-	-	-	-	-	-

Programme 3: Housing Planning And Delivery Support Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>3.5 Capacity Development</b>									
Current payment	23 877	(5 710)	-	18 167	17 632	535	97.1%	26 561	24 434
Transfers and subsidies	4 000	5 664	-	9 664	9 646	18	99.8%	7 034	6 988
Payment for capital assets	130	52	-	650	185	465	28.5%	437	81
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.6 Priority Projects</b>									
Current payment	10 527	(1 419)	(3 173)	6 135	2 976	2 159	58.0%	58 251	3 665
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	80	45	(27)	98	28	70	28.6%	342	231
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.7 Human Settlement Planning</b>									
Current payment	12 102	(301)	(2 050)	9 751	7 919	1 832	81.2%	7 544	6 643
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	75	300	(150)	225	52	173	23.1%	264	172
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.8 Sanitation Services</b>									
Current payment	69 354	(24 960)	(4 000)	40 394	38 211	2 183	94.6%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	53 763	24 960	-	78 723	47 042	31 681	59.8%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>225 221</b>	<b>-</b>	<b>(18 025)</b>	<b>207 196</b>	<b>158 375</b>	<b>48 821</b>	<b>76.4%</b>	<b>169 506</b>	<b>98 589</b>

DETAIL PER PROGRAMME 3 HOUSING PLANNING AND DELIVERY SUPPORT  
for the year ended 31 March 2011

Appropriation per economic classification									
Programme 3: Housing Planning and Delivery Support Detail per Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	78 833	(7 230)	(10 447)	61 156	57 326	3 830	93.7%	34 440	28 926
Goods and services	86 941	(24 736)	(7 312)	54 893	43 602	11 291	79.4%	124 525	61 796
Interest and rent on land		164	-	164	30	134	18.3%	40	40
<b>Transfers and subsidies</b>									
Provinces and municipalities					-	-	-	-	-
Departmental agencies and accounts					-	-	-	-	-
Universities and technikons					-	-	-	-	-
Foreign governments and international organisations					-	-	-	-	-
Public corporations and private enterprises					-	-	-	-	-
Non-profit institutions					-	-	-	-	-
Households	4 000	5 855	-	9 855	9 837	18	99.8%	7 064	7 012
Gifts and donations					-	-	-	-	-
<b>Payments for capital assets</b>									
Buildings and other fixed structures	53 060	24 880	-	77 940	46 945	30 995	60.2%	-	-
Machinery and equipment	2 362	945	(266)	3 041	515	2 526	16.9%	3 041	795
Heritage assets					-	-	-	-	-



Appropriation per economic classification									
Programme 3: Housing Planning And Delivery Support Detail per Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	25	-	-	25	-	25	-	376	-
<b>Payments for financial assets</b>	-	122	-	122	120	2	98.4%	20	20
<b>Total</b>	<b>225 221</b>	<b>-</b>	<b>(18 025)</b>	<b>207 196</b>	<b>158 375</b>	<b>48 821</b>	<b>76.4%</b>	<b>169 506</b>	<b>98 589</b>

DETAIL PER PROGRAMME 3 HOUSING PLANNING AND DELIVERY SUPPORT  
 for the year ended 31 March 2011

Programme 4: Housing Development Finance Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>4.1 Management</b>									
Current payment	2 934	369	(2 400)	903	607	296	67.2%	2 503	2 368
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	10	-	-	10	-	10	-	57	21
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.2 Financial and Funds Management</b>									
Current payment	45 401	(1 620)	(9 800)	33 981	33 238	743	97.8%	34 059	29 056
Transfers and subsidies	-	1 005	-	1 005	871	134	86.7%	150 085	150 005
Payment for capital assets	439	120	-	559	429	130	76.7%	726	273
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.3 Housing Equity</b>									
Current payment	11 630	126	(4 200)	7 556	6 438	1 118	85.2%	14 352	9 622
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	1 025	-	-	1 025	28	997	2.7%	562	64
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.4 Human Settlement Development Grant</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	15 041 763	-	-	15 041 763	15 041 763	-	100.0%	12 442 276	12 442 276
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-

Programme 4: Housing Development Finance Detail per sub-program	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>4.5 Contribution</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	312 193	-	41 600	353 793	346 193	7 600	97.9%	389 075	352 613
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.6 Rural Households Infrastructure Development</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	101 000	-	-	100 900	61 614	38 386	61.6%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.7 Housing Disaster Relief Grant</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	133 800	-	-	133 800	133 800	-	100.0%	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15 649 195</b>	<b>-</b>	<b>25 200</b>	<b>15 674 395</b>	<b>15 624 981</b>	<b>49 414</b>	<b>99.7%</b>	<b>13 033 695</b>	<b>12 986 298</b>

DETAIL PER PROGRAMME 4 HOUSING DEVELOPMENT FINANCE  
for the year ended 31 March 2011

Appropriation per economic classification									
Programme 4: Housing Development Finance Detail per economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	34 996	(410)	(7 659)	26 927	26 534	393	98.5%	26 554	23 263
Goods and services	24 919	(760)	(8 707)	15 452	13 723	1 729	88.8%	24 313	17 739
Interest and rent on land	50	40	(34)	56	21	35	37.5%	25	25
<b>Transfers and subsidies</b>									
Provinces and municipalities	15 175 563	-	-	15 175 563	15 175 563	-	100.0%	12 592 276	12 592 276
Departmental agencies and accounts	312 133	-	(1 870)	353 793	346 193	7 600	97.9%	389 075	352 613
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	1 005	-	1 005	871	134	86.7%	85	5
Gifts and donations	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>									
Buildings and other fixed structures	100 000	-	-	100 000	61 614	38 386	61.6%	-	-
Machinery and equipment	1 334	41	-	1 375	338	1 037	24.6%	1 308	319
Heritage assets	-	-	-	-	-	-	-	-	-

Appropriation per economic classification									
Programme 4: Housing Development Finance Detail per economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'00	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	140	79	-	219	119	100	54.3%	36	36
Payments for financial assets	-	5	-	5	5	-	100.0%	23	22
<b>Total</b>	<b>15 648 193</b>	<b>-</b>	<b>25 200</b>	<b>15 674 395</b>	<b>15 624 981</b>	<b>49 414</b>	<b>99.7%</b>	<b>13 033 695</b>	<b>12 986 298</b>

DETAIL PER PROGRAMME 4 HOUSING DEVELOPMENT FINANCE  
for the year ended 31 March 2011

Programme 5: Strategic Relations and Governance Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'00	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>5.1 Management</b>									
Current payment	4 098	450	(990)	3 558	1 814	1 744	51.0%	3 418	2 693
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	50	-	(10)	40	17	23	42.5%	109	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.2 Management Information Services</b>									
Current payment	55 740	(147)	(11 845)	43 748	27 577	16 171	63.0%	70 691	58 467
Transfers and subsidies	-	1	-	1	-	1	-	-	-
Payment for capital assets	1 017	147	(156)	1 008	491	517	48.7%	1 107	338
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.3 Inter-Governmental and International Relations</b>									
Current payment	15 210	(500)	-	14 710	6 993	7 717	47.5%	15 061	7 586
Transfers and subsidies	-	-	-	-	-	-	-	363	-
Payment for capital assets	160	50	-	210	51	159	24.3%	260	74
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.4 Communication</b>									
Current payment	41 253	(400)	(7 689)	33 164	20 787	12 377	62.7%	46 109	37 956

Programme 5: Strategic Relations And Governance Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Transfers and subsidies	-	-	-	-	-	-	-	166	166
Payment for capital assets	572	400	(311)	661	244	417	36.9%	635	193
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.5 Housing Institutions</b>									
Current payment	23 163	(1)	(5 331)	17 231	10 141	7 090	58.9%	14 179	8 910
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	257	-	(68)	189	49	140	25.9%	349	57
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.6 Strategic Management</b>									
Current payment	8 275	-	14 449	22 724	12 692	10 032	55.9%	5 584	3 842
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	197	-	-	197	41	156	20.8%	826	38
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.7 Transformation</b>									
Current payment	6 658	(40)	-	6 618	5 784	834	87.4%	6 005	5 545
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	10	40	-	50	19	31	38.0%	797	44

DETAIL PER PROGRAMME 5 STRATEGIC RELATIONS AND GOVERNANCE  
for the year ended 31 March 2011



Programme 5: Strategic Relations And Governance Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.8 Contributions</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 000	-	-	1 000	684	316	68.4%	1 000	745
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>157 660</b>	<b>-</b>	<b>(12 551)</b>	<b>145 109</b>	<b>87 384</b>	<b>57 725</b>	<b>60.2%</b>	<b>166 659</b>	<b>126 654</b>

Appropriation per economic classification									
Programme 5: Strategic Relations and Governance Detail per economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	54 895	(484)	(4 470)	49 941	39 282	10 659	78.7%	38 821	32 268
Goods and services	99 302	(115)	(7 536)	91 651	46 470	45 181	50.7%	122 158	92 668
Interest and rent on land	200	(40)	-	160	35	125	21.9%	36	35
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	1 000	-	-	1 000	684	316	68.4%	1 000	745
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	1	-	1	-	1	-	529	166
Gifts and donations	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 110	572	(463)	2 219	832	1 387	37.5%	3 096	490
Heritage assets	-	-	-	-	-	-	-	-	-

DETAIL PER PROGRAMME 5 STRATEGIC RELATIONS AND GOVERNANCE  
for the year ended 31 March 2011

Appropriation per economic classification									
Program 5: Strategic Relations And Governance Detail per economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'00	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	153	65	(82)	136	80	56	58.8%	986	254
<b>Payments for financial assets</b>		1	-	1	1	-	100.0%	33	28
<b>Total</b>	<b>157 650</b>	<b>-</b>	<b>(12 551)</b>	<b>145 109</b>	<b>87 384</b>	<b>57 725</b>	<b>60.2%</b>	<b>166 659</b>	<b>126 654</b>

**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

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

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

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

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

**3. Detail on payments for financial assets**

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

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

4.1	Per Programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
	Administration	221 188	188 577	32 611	14.74%
	Housing Policy, Research and Monitoring	43 871	32 636	11 235	25.61%
	Housing Planning and Delivery Support	207 196	158 375	48 821	23.56%
	Housing Development Finance	15 674 395	15 624 981	49 414	0.32%
	Strategic Relations and Governance	145 109	87 384	57 725	39.78%
	<b>Total</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>	<b>1.23%</b>

**Administration**

Underspending is as a result of funds provided for legal advisory services not utilised (either to State Attorney and/or private practices), delay in securing of an additional building, which resulted in the funds provided for leasing, refurbishment of offices, the moving of staff and the acquiring of furniture not being utilised and the non-availability of additional office space resulted in the non-filling of vacancies and costs associated with posts were also not incurred.

**Housing Policy, Research and Monitoring**

Savings can be attributed to the cost-cutting measures reducing travel and subsistence and other administration costs. Underspending in the programme can also be attributed to personnel and personnel-related costs owing to vacancies experienced throughout the year as a result of staff turnover.

**Housing Planning and Delivery Support**

Underspending in the Programme is as a result of delays in the implementation of the Accelerated Community Infrastructure Programme (ACIP). The implementation in certain municipalities was delayed. Due to compliance issues and procurement processes projects were delayed. Another contributing factor is that the programme expenditure was also affected by cost saving measures introduced which resulted in travel and subsistence expenditure and other administration costs as well as costs associated to the non-filling of vacancies throughout the branch.

**Housing Development Finance**

Underspending can be attributed to delays in the implementation of projects on the Rural Household Infrastructure Grant. The procurement processes delayed the finalisation of appointing service providers. By the

**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

end of the financial year some of the work was completed, but due to verification processes to be followed, the implementing agents were not able to provide the Department with invoices before the end of the financial year. Another contributing factor is the late approval by National Treasury of R7.6 million virement for Servcon which the Department could not transfer to Servcon. The non-availability of additional office space resulted in the non-filling of vacancies and costs associated with posts could also not be incurred.

**Strategic Relations and Governance**

Underspensing can mainly be attributed to delays in appointing service providers to maintain and render the necessary support to provinces on the HSS. SITA terminated the agreement with the Department and indicated that they are not willing to renew the contract. The Department had to advertise a bid to appoint a panel of service providers who will render the necessary support to provinces on the HSS. The bid did not yield good results and subsequently the Department approached SITA as an interim arrangement to assist the Department. Another contributing factor is the cost-savings measures that resulted in a reduction in foreign visits and the curtailment of media campaigns. Another contributing factor to the underspensing was the delay in finalising the turnaround strategy development for the Department. The delay was caused by the complexity of the human settlement environment and the alignment of the plan to ensure proper service delivery.

4.2 Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
<b>Current payments</b>				
Compensation of employees	240 095	216 455	23 640	9.85%
Goods and services	307 518	222 457	85 061	27.66%
Interest and rent on land	751	173	578	76.96%
Unauthorised expenditure approved	-	-	-	-
<b>Transfers and subsidies</b>				
Provinces and municipalities	15 175 563	15 175 563	-	0.00%
Departmental agencies and accounts	353 793	346 193	7 600	2.15%
Public corporations and private enterprises	1 000	684	316	31.60%
Foreign governments and international organisations	-	-	-	-
Non-profit institutions	-	-	-	0.00%
Households	11 082	10 917	165	1.49%
Gifts and donations	-	-	-	-
<b>Payments for capital assets</b>				
Buildings and other fixed structures	177 940	108 559	69 381	38.99%
Machinery and equipment	21 103	10 383	10 720	50.80%
Heritage asset	-	-	-	0.00%
Specialised military assets	-	-	-	0.00%
Biological assets	-	-	-	0.00%
Land and subsoil assets	-	-	-	0.00%
Software and other intangible assets	2 705	370	2 335	86.32%
<b>Payments for financial assets</b>				
	209	199	10	4.78%
<b>Total</b>	<b>16 291 759</b>	<b>16 091 953</b>	<b>199 806</b>	<b>1.23%</b>

**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

**Current expenditure**

Underspending is the result of funds provided for legal advisory services not utilised (either to State Attorney and/or private practices), delay in securing an additional building, which resulted in the funds provided for leasing, refurbishment of offices, associated with posts not incurred. Another contributing factor is delays in appointing service providers to maintain and render the necessary support to provinces on the HSS. SITA terminated the agreement with the Department and indicated that they are not willing to renew the contract. The Department had to advertise a bid to appoint a panel of service providers who will render the necessary support to provinces on the HSS. The bid did not yield good results and subsequently the Department approached SITA as an interim arrangement to assist the Department. Another contributing factor is the cost-savings measures that resulted in a reduction in foreign visits and curtailment of media campaigns. Another contributing factor to the underspending was the delay in finalising the turnaround strategy development for the Department.

**Transfers and subsidies**

Another contributing factor is the late approval by National Treasury of R7.6 million for Servcon which the Department could not transfer to Servcon. On foreign governments & international organisations the underspending is due to the strengthening of the Rand which resulted in the Department paying less for foreign currency than anticipated.

**Buildings and other fixed structures**

Underspending is the result of delays in the implementation of the Accelerated Community Infrastructure Programme (ACIP). The implementation in certain municipalities was delayed. Due to compliance issues and procurement processes, projects were delayed. Another contributing factor is delays in the implementation of projects on the Rural Household Infrastructure Grant. The procurement processes delayed the finalisation of appointing service providers. By the end of the financial year some of the work was completed, but due to verification processes to be followed the implementing agents were not able to provide the Department with invoices before the end of the financial year.

**Machinery and equipment**

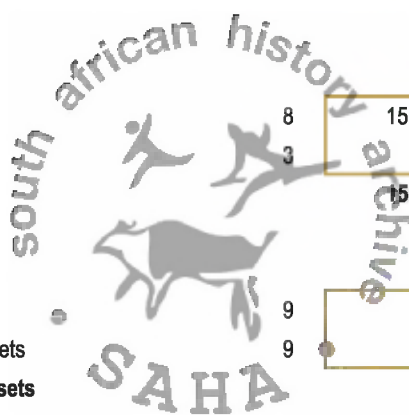
Underspending is as a result of the delay in securing an additional building, which resulted in funds provided for the acquiring of furniture not being utilised.

**Software & other intangible assets**

Underspending is the result of a delay in the renewal of Microsoft licences, due to outstanding documents from SITA.

**STATEMENT OF THE FINANCIAL PERFORMANCE**  
for the year ended 31 March 2011

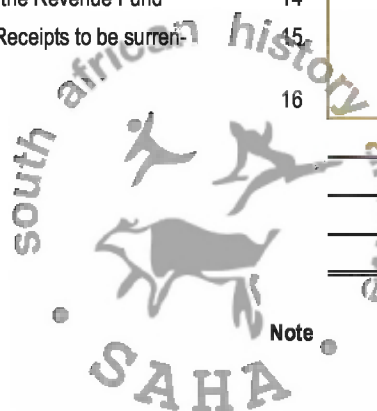
	Note	2010/11 R'000	2009/10 R'000
<b>REVENUE</b>			
Annual appropriation	1	16 291 759	13 604 805
Departmental revenue	2	2 826	749
Aid assistance	3	1 798	-
<b>TOTAL REVENUE</b>		<b>16 296 383</b>	<b>13 605 554</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	216 455	156 414
Goods and services	5	222 457	254 173
Interest and rent on land	6	173	250
Aid assistance	3	1 798	-
<b>Total current expenditure</b>		<b>440 883</b>	<b>410 837</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	8	15 533 357	12 952 952
Aid assistance	3	-	1 463
<b>Total transfers and subsidies</b>		<b>15 533 357</b>	<b>12 954 415</b>
<b>Expenditure for capital assets</b>			
Tangible capital assets	9	118 942	5 724
Software and other intangible assets	9	370	626
<b>Total expenditure for capital assets</b>		<b>119 312</b>	<b>6 350</b>
<b>Payments for financial assets</b>	7	199	222
<b>TOTAL EXPENDITURE</b>		<b>16 093 751</b>	<b>13 371 824</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>202 632</b>	<b>233 730</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		199 806	234 444
Annual appropriation		199 759	234 739
Departmental revenue and NRF Receipts	15	2 826	749
Aid assistance	3	-	(1 463)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>202 632</b>	<b>233 730</b>





**STATEMENT OF THE FINANCIAL POSITION**  
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>200 193</b>	<b>234 738</b>
Cash and cash equivalents	10	201 710	229 962
Pre-payments and advances	11	520	58
Receivables	12	(2 037)	4 718
<b>Non-current assets</b>		<b>880 604</b>	<b>880 604</b>
Investments	13	880 604	880 604
<b>TOTAL ASSETS</b>		<b>1 080 797</b>	<b>1 115 342</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>200 049</b>	<b>234 526</b>
Voted funds to be surrendered to the Revenue Fund	14	199 805	234 444
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	49	31
Payables	16	195	51
<b>TOTAL LIABILITIES</b>		<b>200 049</b>	<b>234 526</b>
<b>NET ASSETS</b>		<b>880 748</b>	<b>880 816</b>
<b>Represented by:</b>			
Capitalisation reserve		880 604	880 604
Recoverable revenue		144	212
<b>TOTAL</b>		<b>880 748</b>	<b>880 816</b>



**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
<b>Capitalisation reserves</b>			
Opening balance		880 604	880 604
Closing balance		<u>880 604</u>	<u>880 604</u>
<b>Recoverable revenue</b>			
Opening balance		212	281
Transfers:		(68)	(69)
Debts recovered (included in Departmental receipts)		-68	-69
Closing balance		<u>144</u>	<u>212</u>
<b>TOTAL</b>		<u><u>880 748</u></u>	<u><u>880 816</u></u>



**CASH FLOW STATEMENT**  
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>16 296 382</b>	<b>13 605 554</b>
Annual appropriated funds received	1.1	16 291 758	13 604 805
Departmental revenue received	2	2 826	749
Aid assistance received	3	1 798	-
Net (increase)/decrease in working capital		6 437	3 316
Surrendered to Revenue Fund		(237 252)	(8.967)
Current payments		(440 883)	(410 837)
Payments for financial assets		(199)	(222)
Transfers and subsidies paid		(15 533 357)	(12 954 415)
<b>Net cash flow available from operating activities</b>	<b>17</b>	<b>91 128</b>	<b>234 429</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	9	(119 312)	(6 350)
<b>Net cash flows from investing activities</b>		<b>(119 312)</b>	<b>(6 350)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(68)	(69)
<b>Net cash flows from financing activities</b>		<b>(68)</b>	<b>(69)</b>
Net increase/(decrease) in cash and cash equivalents		(28 252)	228 010
Cash and cash equivalents at beginning of period		229 962	1 952
<b>Cash and cash equivalents at end of period</b>	<b>10</b>	<b>201 710</b>	<b>229 962</b>

**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate 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, Act No 1 of 1999 (as amended by Act No 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act No 1 of 2010.

## **1. Presentation of the Financial Statements**

### **1.1 Basis of preparation**

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

### **1.2 Presentation currency**

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

### **1.3 Rounding**

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

### **1.4 Comparative figures**

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

### **1.5 Comparative figures - Appropriation Statement**

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

## **2. Revenue**

### **2.1 Appropriated funds**

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised as payable in the Statement of Financial Position.

Any amount due from the National/Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the Statement of Financial Position.

### **2.2 Departmental revenue**

All departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

Any amount owing to the National/Provincial Revenue Fund is recognised as a payable in the Statement of Financial Position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

**2.3 Direct Exchequer receipts**

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the Statement of Financial Position.

**2.4 Direct Exchequer payments**

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

**2.5 Aid assistance**

Aids assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the annual financial statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments effected on the system (by no later than 31 March of each year)

Inappropriately expensed amounts using CARA funds are recognised as payables in the Statement of Financial Position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the Revenue Fund.

**3. Expenditure**

**3.1 Compensation of employees**

**3.1.1 Salaries and wages**

Salaries and wages are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the Statement of Financial Performance or position.

**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50 percent of his/her time on the project. These payments form part of expenditure for capital assets in the Statement of Financial Performance.

**3.1.2 Social contributions**

Employer contributions to post employment benefit plans in respect of current employees are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the Department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the Statement of Financial Performance.

**3.2 Goods and services**

Payments made during the year for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

**3.3 Interest and rent on land**

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

**3.4 Payments for financial assets**

Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and/or underspending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

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

**3.5 Transfers and subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

**3.6 Unauthorised expenditure**

When confirmed unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

Unauthorised expenditure approved with funding is derecognised from the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the Statement of Financial Performance on the date of approval.

**3.7 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

**3.8 Irregular expenditure**

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

**4. Assets**

**4.1 Cash and cash equivalents**

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term, highly liquid investments and bank overdrafts.

**4.2 Other financial assets**

Other financial assets are carried in the Statement of Financial Position at cost.

**4.3 Prepayments and advances**

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

**4.4 Receivables**

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

**4.5 Investments**

Capitalised investments are shown at cost in the Statement of Financial Position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.



#### 4.6 Loans

Loans are recognised in the Statement of Financial Position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

#### 4.7 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

#### 4.8 Capital assets

##### 4.8.1 Movable assets

###### Initial recognition

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

All assets acquired prior to 1 April 2002 are included in the register as at R1.

###### Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

##### 4.8.2 Immovable assets

###### Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

###### Subsequent recognition

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

#### 5. Liabilities

##### 5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the Statement of Financial Position.

**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

**5.2 Contingent liabilities**

Contingent liabilities are included in the disclosure notes to the Financial Statements when it is possible that economic benefits will flow from the Department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

**5.3 Contingent assets**

Contingent assets are included in the disclosure notes to the Financial Statements when it is probable that an inflow of economic benefits will flow to the entity.

**5.4 Commitments**

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

**5.5 Accruals**

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

**5.6 Employee benefits**

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

**5.7 Lease commitments**

**Finance lease**

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the Financial Statements.

**Operating lease**

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the disclosure notes to the Financial Statement.

**5.8 Impairment and other provisions**

The Department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows/service potential flowing from the instrument.

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

**6. Receivables for Departmental revenue**

Receivables for Departmental revenue are disclosed in the disclosure notes to the annual Financial Statements.

## 7. Net assets

### 7.1 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 underlining asset is disposed and the related funds are received.

### 7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written off.

## 8. Related party transactions

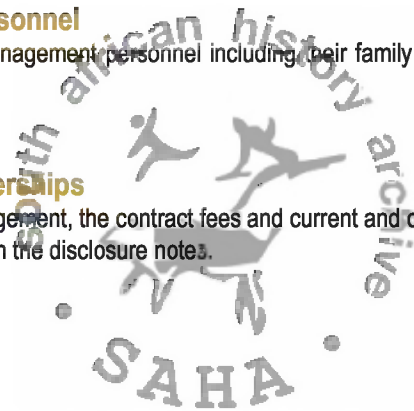
Specific information with regards to related party transactions is included in the disclosure notes.

## 9. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

## 10. Public-private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**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:

	2010/11		2009/10	
	Final Appropriation	Actual Funds received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	221 188	211 997	9 191	167 770
Housing Policy, Research and Monitoring	43 871	47 686	(3 815)	67 175
Housing Planning and Delivery Support	207 196	225 221	(18 025)	169 506
Housing Development Finance	15 674 395	15 649 194	25 201	13 033 695
Strategic Relations and Governance	145 109	157 660	(12 551)	166 659
<b>Total</b>	<b>16 291 759</b>	<b>16 291 758</b>	<b>1</b>	<b>13 604 805</b>

The drawings for December 2010 were approved on 3 December 2010 and the funds were already received by the Department.

**2. Departmental revenue**

	Note	2010/11 R'000	2009/10 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	123	91
Interest, dividends and rent on land	2.2	23	46
Transactions in financial assets and liabilities	2.3	2 680	612
<b>Departmental revenue collected</b>		<b>2 826</b>	<b>749</b>

**2.1 Sales of goods and services other than capital assets**

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services produced by the Department		121	90
Sales by market establishment		35	31
Other sales		86	59
Sales of scrap, waste and other used current goods		2	1
<b>Total</b>		<b>123</b>	<b>91</b>

**2.2 Interest, dividends and rent on land**

	Note	2010/11 R'000	2009/10 R'000
Interest		23	46
<b>Total</b>		<b>23</b>	<b>46</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2011

2.3 Transactions in financial assets and liabilities

	Note	2010/11 R'000	2009/10 R'000
Receivables		128	132
Other receipts including Recoverable Revenue		2 552	480
<b>Total</b>		<b>2 680</b>	<b>612</b>

3. Aid assistance

3.1 Aid assistance received in cash from RDP

	Note	2010/11 R'000	2009/10 R'000
<b>Foreign</b>			
Opening Balance		-	1 463
Revenue		1 798	-
<b>Expenditure</b>		<b>(1 798)</b>	<b>(1 463)</b>
Current		(1 798)	-
Transfers		-	1 463
<b>Closing Balance</b>		<b>-</b>	<b>-</b>

3.2 Total assistance

	2010/11 R'000	2009/10 R'000
Opening Balance	-	1 463
Revenue	1 798	-
Expenditure	(1 798)	(1 463)
Current	(1 798)	-
Transfers	-	(1 463)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>



4. Compensation of employee

4.1 Salaries and wages

	Note	2010/11 R'000	2009/10 R'000
Basic salary		147 186	104 120
Performance award		3 538	3 425
Service Based		370	906
Compensative/circumstantial		4 416	3 558
Other non-pensionable allowances		36 688	27 703
<b>Total</b>		<b>192 198</b>	<b>139 712</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**4.2 Social contributions**

	Note	2010/11 R'000	2009/10 R'000
<b>Employer contributions</b>			
Pension		17 320	12 188
Medical		6 904	4 500
Bargaining council		33	14
<b>Total</b>		<b>24 257</b>	<b>16 702</b>
<b>Total compensation of employees</b>		<b>216 455</b>	<b>156 414</b>
Average number of employees		696	552

**5. Goods and services**

	Note	2010/11 R'000	2009/10 R'000
Administrative fees		156	77
Advertising		5 295	24 346
Assets less than R5 000	5.1	1 753	1 466
Bursaries (employees)		1 144	789
Catering		1 359	3 844
Communication		7 323	6 762
Computer services	5.2	28 177	57 763
Consultants, contractors and agency/outsourced services	5.3	82 161	79 367
Entertainment		121	225
Audit cost – external	5.4	6 542	5 184
Inventory	5.5	5 215	8 155
Operating leases		18 658	1 431
Owned and leasehold property expenditure	5.6	6 189	4 790
Travel and subsistence	5.7	41 590	43 858
Venues and facilities		10 811	10 374
Training and staff development		3 025	2 301
Other operating expenditure	5.8	2 938	3 441
<b>Total</b>		<b>222 457</b>	<b>254 173</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**5.1 Assets less than R5 000**

	Note 5	2010/11 R'000	2009/10 R'000
<b>Tangible assets</b>		<b>1 744</b>	<b>1 466</b>
Machinery and equipment		1 744	1 466
<b>Intangible assets</b>		<b>9</b>	<b>-</b>
<b>Total</b>		<b>1 753</b>	<b>1 466</b>

**5.2 Computer services**

	Note 5	2010/11 R'000	2009/10 R'000
SITA computer services		24 140	53 623
External computer service providers		4 037	4 140
<b>Total</b>		<b>28 177</b>	<b>57 763</b>

**5.3 Consultants, contractors and agency/outsourced services**

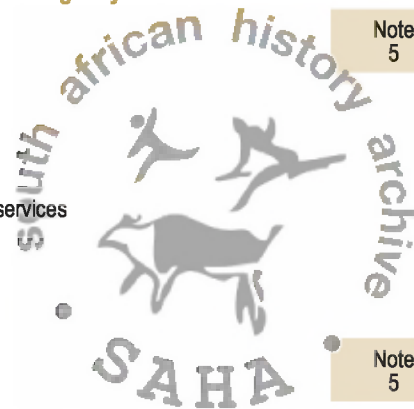
	Note 5	2010/11 R'000	2009/10 R'000
Business and advisory services		75 042	46 971
Legal costs		988	2 081
Contractors		2 353	1 715
Agency and support/outsourced services		3 778	28 600
<b>Total</b>		<b>82 161</b>	<b>79 367</b>

**5.4 Audit cost – external**

	Note 5	2010/11 R'000	2009/10 R'000
Regularity audits		6 541	5 184
Performance audits		1	-
<b>Total</b>		<b>6 542</b>	<b>5 184</b>

**5.5 Inventory**

	Note 5	2010/11 R'000	2009/10 R'000
Learning and teaching support material		-	4
Food and food supplies		14	9
Fuel, oil and gas		392	312
Other consumable materials		621	758
Maintenance material		35	20
Stationery and printing		4 153	7 052
<b>Total</b>		<b>5 215</b>	<b>8 155</b>





**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**5.6 Property payments**

	Note 5	2010/11 R'000	2009/10 R'000
Municipal services		5 240	4 076
Other		949	714
<b>Total</b>		<b>6 189</b>	<b>4 790</b>

**5.7 Travel and subsistence**

	Note 5	2010/11 R'000	2009/10 R'000
Local		40 158	42 047
Foreign		1 432	1 811
<b>Total</b>		<b>41 590</b>	<b>43 858</b>

**5.8 Other operating expenditure**

	Note 5	2010/11 R'000	2009/10 R'000
Professional bodies' membership and subscription fees		136	164
Resettlement costs		986	1 294
Other		1 816	1 983
<b>Total</b>		<b>2 938</b>	<b>3 441</b>

**6. Interest and rent on land**

	Note	2010/11 R'000	2009/10 R'000
Interest paid		173	250
<b>Total</b>		<b>173</b>	<b>250</b>

**7. Payments for financial assets**

	Note 7.1	2010/11 R'000	2009/10 R'000
Debts written off		199	222
<b>Total</b>		<b>199</b>	<b>222</b>

**7.1 Debts written off**

	Note 7	2010/11 R'000	2009/10 R'000
<b>Nature of debts written off</b>			
No-shows		5	11
Bad debts		6	35
Damage vehicles		186	176
Admin traffic fines		2	-
<b>Total</b>		<b>199</b>	<b>222</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**8. Transfers and subsidies**

	Note	2010/11 R'000	2009/10 R'000
Provinces and municipalities	32	15 175 563	12 592 276
Departmental agencies and accounts	Annex 1A	346 192	352 613
Foreign governments and international organisations	Annex 1C	684	745
Public corporations and private enterprises	Annex 1B	-	108
Households	Annex 1D	10 888	6 986
Gifts, donations and sponsorships made	Annex 1E	30	224
<b>Total</b>		<b>15 533 357</b>	<b>12 952 952</b>

Unspent funds transferred to the above beneficiaries

**9. Expenditure for capital assets**

	Note	2010/11 R'000	2009/10 R'000
<b>Tangible assets</b>		<b>118 942</b>	<b>5 724</b>
Buildings and other fixed structures	31	108 558	-
Machinery and equipment	29	10 384	5 724
<b>Software and other intangible assets</b>		<b>370</b>	<b>626</b>
Computer software		370	626
<b>Total</b>		<b>119 312</b>	<b>6 350</b>

**9.1 Analysis of funds utilised to acquire capital assets – 2010/11**

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>118 942</b>	-	<b>118 942</b>
Buildings and other fixed structures	108 558	-	108 558
Machinery and equipment	10 384	-	10 384
<b>Software and other intangible assets</b>	<b>370</b>	-	<b>370</b>
Computer software	370	-	370
<b>Total</b>	<b>119 312</b>	-	<b>119 312</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**9.2 Analysis of funds utilised to acquire capital assets – 2009/10**

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>5 724</b>	<b>-</b>	<b>5 724</b>
Machinery and equipment	5 724	-	5 724
<b>Software and other intangible assets</b>	<b>626</b>	<b>-</b>	<b>626</b>
Computer software	626	-	626
<b>Total</b>	<b>6 350</b>	<b>-</b>	<b>6 350</b>

**10. Cash and cash equivalents**

	Note	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General Account		238 514	240 442
Disbursements		(36 849)	(10 505)
Cash on hand		45	25
<b>Total</b>		<b>201 710</b>	<b>229 962</b>

**11. Pre-payments and advances**

	Note	2010/11 R'000	2009/10 R'000
Travel and subsistence			58
Advances paid to other entities		520	-
<b>Total</b>		<b>520</b>	<b>58</b>

**12. Receivables**

	Note	2010/11			2009/10	
		Less than one year R'000	One to three years R'000	Older than three years R'000	Total R'000	Total R'000
Claims recoverable	12.1 Annex 3	6	1 351	2	1 359	3 753
Recoverable expenditure	12.2	(4 113)	38	53	(4 022)	102
Staff debt	12.3	153	9	-	161	290
Other debtors	12.4	237	227	-	465	573
<b>Total</b>		<b>(3 717)</b>	<b>1 625</b>	<b>55</b>	<b>(2 037)</b>	<b>4 718</b>

**12.1 Claims recoverable**

	Note	2010/11 R'000	2009/10 R'000
National Departments	12	1 359	3 753
<b>Total</b>		<b>1 359</b>	<b>3 753</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**12.2 Recoverable expenditure (disallowance accounts)**

	Note 12	2010/11 R'000	2009/10 R'000
Disallowance Miscellaneous (SIU Debtors)		(4 416)	(265)
Damages		394	367
<b>Total</b>		<b>(4 022)</b>	<b>102</b>

**12.3 Staff debt**

	Note 12	2010/11 R'000	2009/10 R'000
Telephone & cellphone		9	13
Study		55	82
Vehicle		2	55
Tax		-	8
No show		1	-
Housing guarantee		9	11
Resettlement		-	5
Salaries		85	116
<b>Total</b>		<b>161</b>	<b>290</b>

**12.4 Other debtors**

	Note	2010/11 R'000	2009/10 R'000
(Group major categories, but list material items)			
Suppliers		227	573
VAT vendors (In process for recovery or final demand by Legal Services)		238	-
<b>Total</b>		<b>465</b>	<b>573</b>

**13. Investments**

	Note	2010/11 R'000	2009/10 R'000
<b>Non-current</b>			
<b>Shares and other equity</b>			
NHFC		880 000	880 000
Servcon		604	604
<b>Total non-current</b>		<b>880 604</b>	<b>880 604</b>
		<b>2010/11 R'000</b>	<b>2010/11 R'000</b>
<b>Analysis of non-current investments</b>			
Opening balance		880 604	880 604
<b>Closing balance</b>		<b>880 604</b>	<b>880 604</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**14. Voted funds to be surrendered to the Revenue Fund**

	Note	2010/11 R'000	2009/10 R'000
Opening balance		234 444	8 215
Transfer from Statement of Financial Performance		199 806	234 444
Voted funds not requested/not received	1.1	(1)	-
Paid during the year		(234 444)	(8 215)
<b>Closing balance</b>		<b>199 805</b>	<b>234 444</b>

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

	Note	2010/11 R'000	2009/10 R'000
Opening balance		31	34
Transfer from Statement of Financial Performance		2 826	749
Paid during the year		(2 808)	(752)
<b>Closing balance</b>		<b>49</b>	<b>31</b>

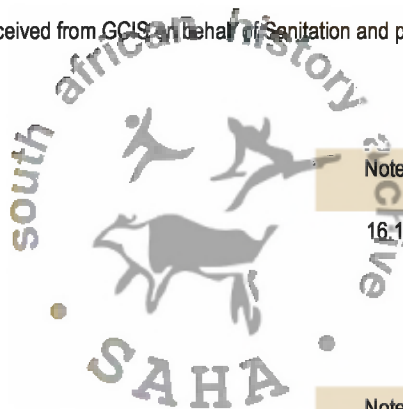
An amount of R2 000 000 was received from GCIS on behalf of Sanitation and paid over.

**16. Payables – current**

	Note	2010/11 Total	2009/10 R'000
Clearing accounts	16.1	195	51
<b>Total</b>		<b>195</b>	<b>51</b>

**16.1 Clearing accounts**

	Note 16	2010/11 R'000	2009/10 R'000
Salary Income Tax: CL		189	42
Pension Fund		5	8
Medical Aid		1	1
<b>Total</b>		<b>195</b>	<b>51</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**17. Net cash flow available from operating activities**

	Note	2010/11 R'000	2009/10 R'000
Net surplus/(deficit) as per Statement of Financial Performance		202 632	233 730
<b>Add back non-cash/cash movements not deemed operating activities</b>		<b>(111 504)</b>	<b>699</b>
(Increase)/decrease in receivables – current		6 755	3 300
(Increase)/decrease in prepayments and advances		(462)	26
Increase/(decrease) in payables – current		144	(10)
Expenditure on capital assets		119 312	6 350
Surrenders to Revenue Fund		(237 252)	(8 967)
Voted funds not requested/not received		(1)	-
<b>Net cash flow generated by operating activities</b>		<b>91 128</b>	<b>234 429</b>

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

	Note	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General account		238 514	240 442
Disbursements		(36 849)	(10 505)
Cash on hand		45	25
<b>Total</b>		<b>201 710</b>	<b>229 962</b>



**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

**19. Contingent liabilities and contingent assets**

**19.1 Contingent liabilities**

		Note	2010/11 R'000	2009/10 R'000
<b>Liable to</b>	<b>Nature</b>			
Motor vehicle guarantees	Employees	Annex 2A	-	36
Housing loan guarantees	Employees	Annex 2A	102	398
Claims against the department		Annex 2B	4 920	72 438
Other departments (inter-departmental unconfirmed balances)		Annex 4	78	22
<b>Total</b>			<b>5 100</b>	<b>72 894</b>

**20. Commitments**

	Note	2010/11 R'000	2009/10 R'000
<b>Current expenditure</b>		<b>80 909</b>	<b>68 039</b>
Approved and contracted		69 386	67 926
Approved but not yet contracted		11 523	113
<b>Capital expenditure</b>		<b>2 527</b>	<b>6 019</b>
Approved and contracted		2 505	6 019
Approved but not yet contracted		22	-
<b>Total commitments</b>		<b>83 436</b>	<b>74 058</b>

Indicate whether a commitment is for longer than a year

	1 year	2-3 years	3 years	3 years and above
	R67 295	R125	R1 731	R336

**21. Accruals**

	2010/11 R'000		2009/10 R'000	
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	856	7 203	8 059	13 635
Interest and rent on land	-	-	-	-
Capital assets	8	-	8	-
Other	-	-	-	374
<b>Total</b>	<b>864</b>	<b>7 203</b>	<b>8 067</b>	<b>14 009</b>



**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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	Note	2010/11 R'000	2009/10 R'000
<b>Listed by programme level</b>			
Administration		4 914	5 657
Housing, Policy, Research and Monitoring		174	61
Housing, Planning and Delivery Support		760	2 991
Housing Development Finance		1 095	178
Strategic Relations and Governance		1 124	5 122
<b>Total</b>		<b>8 067</b>	<b>14 009</b>
Confirmed balances with other departments	Annex 5	1 147	1
Confirmed balances with other government entities	Annex 5	4 558	-
<b>Total</b>		<b>5 705</b>	<b>1</b>

**22. Employee benefits**

	Note	2010/11 R'000	2009/10 R'000
Leave entitlement		4 815	4 059
Service bonus (Thirteenth cheque)		5 386	4 115
Performance awards		4 335	-
Capped leave commitments		6 900	6 951
<b>Total</b>		<b>21 436</b>	<b>15 125</b>
2009/10 Staff Receivables R775			
2010/11 Staff Receivables R1 121			



**23. Lease commitments**

**23.1 Operating leases expenditure**

	Spe- cialised military equipment R'000	Land R'000	Build- ings and other fixed structures R'000	Machin- ery and equip- ment R'000	Total R'000
<b>2010/11</b>					
Not later than 1 year	-	-	22 070	-	22 070
Later than 1 year and not later than 5 years	-	-	107 404	-	107 404
Later than 5 years	-	-	105 380	-	105 380
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>234 854</b>	<b>-</b>	<b>234 854</b>
<b>2009/10</b>					
Not later than 1 year	-	-	18 658	-	18 658
Later than 1 year and not later than 5 years	-	-	82 255	-	82 255
Later than 5 years	-	-	163 206	-	163 206
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>264 119</b>	<b>-</b>	<b>264 119</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**23.2 Finance leases expenditure\*\***

	Specialised military equipment R'000	Land R'000	Buildings and other fixed struc- tures R'000	Machinery and equip- ment R'000	Total R'000
<b>2010/11</b>					
Not later than 1 year	-	-	-	857	857
Later than 1 year and not later than 5 years	-	-	-	78	78
Later than 5 years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>935</b>	<b>935</b>
LESS: Finance costs	-	-	-	46	46
<b>Total present value of lease liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>889</b>	<b>889</b>

	Specialised military equipment R'000	Land R'000	Buildings and other fixed struc- tures R'000	Machinery and equip- ment R'000	Total R'000
<b>2009/10</b>					
Not later than 1 year	-	-	-	1 879	1 879
Later than 1 year and not later than 5 years	-	-	-	611	611
Later than 5 years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 490</b>	<b>2 490</b>
LESS: Finance costs	-	-	-	181	181
<b>Total present value of lease liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 309</b>	<b>2 309</b>

\*\* This note excludes leases relating to public private partnership as they are separately disclosed to note no 39.

**24. Irregular expenditure**

**24.1 Reconciliation of irregular expenditure**

	Note	2010/11 R'000	2009/10 R'000
Opening balance		2 659	1 739
Add: Irregular expenditure – relating to prior year		526	-
Add: Irregular expenditure – relating to current year		12 100	920
<b>Irregular expenditure awaiting condonation</b>		<b>15 285</b>	<b>2 659</b>
<b>Analysis of awaiting condonation per age classification</b>			
Current year		109	920
Prior years			1 739
<b>Total</b>		<b>109</b>	<b>2 659</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**24.2 Details of irregular expenditure – current year**

Incident	Disciplinary steps taken/criminal proceedings	2010/11 R'000
Acting Allowance	Requested for condonation	109
Appointments Exco 60		152
Advertised period Kaleo Consulting Exco 57		1 819
Quotations Bay Technologies, Maphalang Exco 50		223
Stipulations Practice note 8 of 2007/08		9 797
<b>Total</b>		<b>12 100</b>

**25. Fruitless and wasteful expenditure**

**25.1 Reconciliation of fruitless and wasteful expenditure**

	Note	2010/11 R'000	2009/10 R'000
Opening balance		3	-
Fruitless and wasteful expenditure – relating to current year		-	3
<b>Fruitless and wasteful expenditure awaiting condonement</b>		<b>3</b>	<b>3</b>

**26. Related party transactions**

List related party relationships

South African Housing Fund

Servcon

Social Housing Foundation

National Urban Reconstruction and Housing Agency

National Home Builders Registration Council

National Housing Finance Corporation

Thubelisha Homes

Housing Development Agency

Social Housing Regulatory Authority

**27. Key management personnel**

	No of Indi- viduals	2010/11 R'000	2009/10 R'000
Political office bearers (provide detail below)		3 277	2 956
Officials:			
Level 15 to 16		8 223	10 715
Level 14 (incl CFO if at a lower level)		20 110	18 535
<b>Total</b>		<b>31 610</b>	<b>3 206</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**28. Impairment and other provisions**

	Note	2010/11 R'000	2009/10 R'000
<b>Provisions</b>			
Staff debtors		100	269
<b>Total</b>		<b>100</b>	<b>269</b>
<b>Other provisions</b>			
Vat vendors (In process for recovery or final demand by Legal Services)		73	-
<b>Total</b>		<b>73</b>	<b>-</b>
<b>Total</b>		<b>173</b>	<b>269</b>

**29. Movable Tangible Capital Assets**

Movement in movable tangible capital assets per Asset Register for the year ended 31 March 2011

	Opening balance R'000	Curr Year Adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>Machinery and Equipment</b>	<b>41 564</b>	<b>(1 531)</b>	<b>9 056</b>	<b>833</b>	<b>48 256</b>
Transport assets	1 193	-	489	-	1 682
Computer equipment	16 781	(182)	6 993	619	22 973
Furniture and office equipment	14 030	(1 236)	886	54	13 626
Other machinery and equipment	9 560	(113)	688	160	9 975
<b>Total Movable tangible capital assets</b>	<b>41 564</b>	<b>(1 531)</b>	<b>9 056</b>	<b>833</b>	<b>48 256</b>

**29.1 Additions**

Additions to movable tangible capital assets per asset register for the year ended 31 March 2011

	Cash R'000	Non-cash R'000	Capital work in progress current costs and finance lease pay- ments R'000	Received current, not paid (Paid cur- rent year, received prior year) R'000	Total R'000
<b>Machinery and equipment</b>	<b>10 384</b>	<b>-</b>	<b>(1 328)</b>	<b>-</b>	<b>9 056</b>
Transport assets	489	-	-	-	489
Computer equipment	6 993	-	-	-	6 993
Furniture and office equipment	2 214	-	(1 328)	-	886
Other machinery and equipment	688	-	-	-	688
<b>Total Additions to movable tangible capital assets</b>	<b>10 384</b>	<b>-</b>	<b>(1 328)</b>	<b>-</b>	<b>9 056</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**29.2 Disposals**

**Disposal of movable tangible capital assets per asset register for the year ended 31 March 2011**

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received actual R'000
<b>Machinery and equipment</b>	<b>62</b>	<b>771</b>	<b>833</b>	
Computer equipment	-	619	619	-
Furniture and office equipment	-	54	54	-
Other machinery and equipment	62	98	160	-
<b>Total Disposal of movable tangible capital assets</b>	<b>62</b>	<b>771</b>	<b>833</b>	<b>-</b>

**29.3 Movement for 2009/10**

**Movement in movable tangible capital assets per asset register for the year ended 31 March 2011**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>Machinery and Equipment</b>	<b>38 697</b>	<b>5 724</b>	<b>2 857</b>	<b>41 564</b>
Transport assets	1 221	574	602	1 193
Computer equipment	15 929	2 425	1 573	16 781
Furniture and office equipment	12 790	1 678	438	14 030
Other machinery and equipment	8 757	1 047	244	9 560
<b>Total Movable tangible capital assets</b>	<b>38 697</b>	<b>5 724</b>	<b>2 857</b>	<b>41 564</b>

**29.4 Minor assets**

**Movement in minor assets of the department as at 31 March 2011**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	1 069	-	10 240	-	11 309
Additions	-	28	-	1 652	-	1 680
Disposals	-	-	-	316	-	316
<b>Total Minor assets</b>	<b>-</b>	<b>1 097</b>	<b>-</b>	<b>11 576</b>	<b>-</b>	<b>12 673</b>
Number of R1 minor assets	-	5	-	65	-	70
Number of minor assets at cost	-	1 026	-	7 334	-	8 360
<b>Total Number of minor assets</b>	<b>-</b>	<b>1 031</b>	<b>-</b>	<b>7 399</b>	<b>-</b>	<b>8 430</b>

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**Minor assets of the department as at 31 March 2011**

	Spe- cialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machin- ery and equip- ment R'000	Biological assets R'000	Total R'000
Minor assets	-	1 069	-	10 240	-	11 309
<b>Total</b>	<b>-</b>	<b>1 069</b>	<b>-</b>	<b>10 240</b>	<b>-</b>	<b>11 309</b>
Number of R1 minor assets	-	-	-	89	-	89
Number of minor assets at cost	-	1 017	-	6 790	-	7 807
<b>Total Number of minor assets</b>	<b>-</b>	<b>1 017</b>	<b>-</b>	<b>6 879</b>	<b>-</b>	<b>7 896</b>

**30. Intangible capital assets**

**Movement in intangible capital assets per asset register for the year ended 31 March 2011**

	Opening balance R'000	Current Year Adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Computer software	3 202	94	370	-	3 666
<b>Total Intangible capital assets</b>	<b>3 202</b>	<b>94</b>	<b>370</b>		<b>3 666</b>

**30.1 Additions**

**Additions to intangible capital assets per asset register for the year ended 31 March 2011**

	Cash R'000	Non-cash R'000	Develop- ment work in progress - current costs R'000	Received current year, not paid (Paid cur- rent year, received prior year) R'000	Total R'000
Computer Software	370	-	-	-	370
<b>Total Additions to intangible capital assets</b>	<b>370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>370</b>

**30.2 Movement for 2009/10**

**Movement in intangible capital assets per asset register for the year ended 31 March 2011**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer Software	2 576	626	-	3 202
<b>Total Intangible capital assets</b>	<b>2 576</b>	<b>626</b>	<b>-</b>	<b>3 202</b>

### 31. Immovable tangible capital assets

#### 31.1 Additions

Additions to immovable tangible capital assets per asset register for the year ended 31 March 2011

	Cash R'000	Non-cash R'000	Capital work in progress current costs and finance lease pay- ments R'000	Received current year, not paid (Paid cur- rent year, received prior year) R'000	Total R'000
Building and other fixed structures	108 558		(108 558)		-
Other fixed structures	108 558		(108 558)		-
<b>Total Additions to immovable tangible capital assets</b>	<b>108 558</b>		<b>(108 558)</b>		<b>-</b>

### 32. Transfer of functions

Assets from the Department of Water Affairs (DWA) with the amount of R1 188 603.47 were declined due to the fact that the Department transferring the assets (DWA) to National Department of Human Settlements failed to submit supporting documents.

Assets transferred to Defence with the amount of R476 953.61 were not acknowledged pending the signature of the Accounting Officer at Defence, Section 42 paragraph 2. These assets still appearing on the Asset Register of the Department. They were not removed from Asset Register waiting for the DG at Defence to sign.



### 33. Statement of Conditional Grants paid to the provinces

Name of Province/Grant	GRANT ALLOCATION				TRANSFER			SPENT			2009/10
	Division of Revenue Act R'000	Roll-overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department R'000	Amount received by department R'000	Amount spent by department R'000	% of available funds spent by department R'000	Division of Revenue Act R'000
Eastern Cape	1 598 646	-	39 000	1 637 646	1 637 646	-	39 000	1 637 646	1 503 816	92%	1 313 378
Free State	1 300 691	-	-	1 300 691	1 037 691	(263 000)	-	1 037 691	1 037 685	100%	962 759
Gauteng	3 771 831	-	115 000	3 886 831	3 886 831	-	-	3 886 831	3 855 064	99%	3 187 086
KwaZulu-Natal	2 714 109	-	-	2 714 109	2 634 109	(80 000)	-	2 634 109	2 711 234	103%	2 180 448
Limpopo	1 234 750	-	130 000	1 364 750	1 364 750	-	130 000	1 364 750	1 264 584	93%	996 667
Mpumalanga	975 863	-	-	975 863	975 863	-	-	975 863	1 011 033	104%	795 447
Northern Cape	273 260	-	174 000	447 260	447 260	-	174 000	447 260	472 944	106%	325 011
North West	1 288 770	-	(100 000)	1 188 770	1 188 770	-	-	1 188 770	1 040 163	87%	1 100 055
Western Cape	1 868 843	-	-	1 868 843	1 868 843	-	-	1 868 843	1 940 037	104%	1 581 425
KwaZulu-Natal Disaster Relief	133 800	-	-	133 800	133 800	-	-	133 800	133 800	100%	150 000
<b>Total</b>	<b>15 160 563</b>	<b>-</b>	<b>358 000</b>	<b>15 518 563</b>	<b>15 175 563</b>	<b>(343 000)</b>	<b>343 000</b>	<b>15 175 563</b>	<b>14 970 360</b>		<b>12 592 276</b>

13(1)(a) The whole total amount of R15 026 763 000 allocated to the province and an additional 15 million allocated to Gauteng Province for Sweetwater's project from the department budget savings were transferred into the primary bank account of the provincial department.(b)The withholding in terms of Section 16 & 17 of the Division of Revenue Act, R263 million & R80 million were withheld from Free state and KwaZulu-Natal during the year. (c)The withheld funds were re-allocated R39 million to Eastern Cape, R130 million to Limpopo & R174 million to Northern Cape. (d)All funds were transferred into the primary bank account of the provincial department.(e) The grant was not utilised for other administrative purpose except in terms of operational Capital Budget (OPSCAP) programme, which allows the provinces to utilise a certain percentage maximum of 5 percent of the voted allocation (grant) to support the approved national and provincial housing programmes and priorities.

**ANNEXURE 1A**  
**Statement of Transfers to Departmental Agencies and Accounts**

Department/ Agency/ Account	Transfer Allocation				Transfer		2009/10
	Adjusted Appropriation R'000	Roll-overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Appropriation Act R'000
Housing Development Agency	69 300	-	-	69 300	69 300	100%	62 650
NURCHA	-	-	-	-	-	-	3 500
Social Housing Foundation	6 621	-	-	6 621	6 621	100%	262 960
Thubelisha	-	-	-	-	-	-	23 503
National Housing Finance Cooperation	1	-	-	1	-	-	-
Social Housing Regulatory Authority	151 772	34 999	-	186 771	186 771	100%	-
Rural Housing Loan Fund	49 500	-	-	49 500	49 500	100%	-
Servcon	-	-	41 600	41 600	34 000	82%	-
<b>Total</b>	<b>277 194</b>	<b>34 999</b>	<b>41 600</b>	<b>353 793</b>	<b>346 192</b>		<b>352 613</b>

**ANNEXURE 1B**  
Statement of Transfers/Subsidies to Public Corporations and Private Enterprises

Name of Public Corporation/Private Enterprise	Transfer Allocation				Expenditure				2009/10
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000	Current R'000	Appropriation Act R'000
<b>Public Corporations</b>									
Transfers									
<b>AIG</b>	-	-	-	-	-	-	-	-	<b>108</b>
Subsidies									
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>

**ANNEXURE 1C**  
Statement of Transfers to Foreign Government and International Organisations

Foreign Government/ International Organisation	Transfer Allocation				Expenditure		2009/10
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Appropriation Act R'000
<b>Transfers</b>							
UN Habitat	500			500	326	65%	357
Cities Alliance	500			500	358	72%	388
<b>Total</b>	<b>1 000</b>	<b>-</b>	<b>-</b>	<b>1 000</b>	<b>684</b>		<b>745</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**ANNEXURE 1D**  
**Statement of Transfers to Households**

Households	Transfer Allocation				Expenditure		2009/10
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Appropriation Act R'000
<b>Transfers</b>							
Bursaries	4 006	-	7 076	11 082	9 636	87%	6 986
Leave gratuity	1 005	-	257	1 262	1 252	99%	-
<b>Total</b>	<b>5 011</b>	<b>-</b>	<b>7 333</b>	<b>12 344</b>	<b>10 888</b>	<b>-</b>	<b>6 986</b>

**ANNEXURE 1E**  
**Statement of gifts, donations and sponsorships made; and remissions, refunds and payments made as an act of grace**

Nature of gift, donation or sponsorship (Group major categories but list material items including name of organisation)	2010/11 R'000	2009/10 R'000
<b>Paid in cash</b>		
Total of various gifts bought by Minister		5
R M Mathebula retirement		5
Angolan Ambassador and wife		7
Minister's farewell gift		166
T M Sharp retirement		5
P F van der Walt retirement		5
Hillview Project sponsorship		24
K Savage Retirement		5
Fezikile Secondary School – Oudstroom		2
Farewell gift for Mrs M Kemp	5	
Funeral contribution for Mr S S Mosehla (scholarship beneficiary)	10	
Farewell gift for Mrs N S S Mahura	5	
Farewell gift for Mrs M Papenfuss	5	
Farewell gift for Mrs Koekemoer	5	
<b>TOTAL</b>	<b>30</b>	<b>224</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**ANNEXURE 2A**  
**Statement of Financial Guarantees issued as at 31 March 2011 – Local**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2010 R'000	Guarantees draw-downs during the year R'000	Guarantees repayments/ cancelled/ reduced/ released during the year R'000	Re-valuations R'000	Closing balance 31 March 2011 R'000	Guaranteed interest for year ended 31 March 2011 R'000	Realised losses not recoverable i.e. claims paid out R'000
<b>Motor vehicles</b>									
Standard Bank		4	4	-	4	-	0	-	-
	<b>Subtotal</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Housing</b>									
Standard Bank		69	69	-	-	-	69	-	-
FirstRand Bank		48	48	-	48	-	-	-	-
ABSA		193	193	-	193	-	-	-	-
FNB		38	38	-	38	-	-	-	-
Old Bank		17	17	-	-	-	17	-	-
Mpumalanga		16	16	-	-	-	16	-	-
	<b>Subtotal</b>	<b>381</b>	<b>381</b>	<b>-</b>	<b>279</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>-</b>
	<b>TOTAL</b>	<b>385</b>	<b>385</b>	<b>-</b>	<b>283</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>-</b>

**ANNEXURE 2B**  
**Statement of Contingent Liabilities as at 31 March 2011**

Nature of liability	Opening Balance 1 April 2010 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder R'000)	Closing Balance 31 March 2011 R'000
<b>Claims against the department</b>					
Opening balance	72 438	-	-	-	72 438
Verem Builders CC/Thubelisha Homes			-	1 330	(1 330)
Ibuyile Development Consortium/Government of RSA			-	70 200	(70 200)
Eric Sefu/Minister of Housing		30		-	30
Trustees of Giancarlo Vessio Family Trust vs Minister of Human Settlements		300		-	300
Residents of Ekurhuleni/Minister of Human Settlements and others		50		-	50
Juta/Minister of Housing		50		-	50
Kriegler/Minister of Housing		50		-	50
Andre Grobler/Minister of Housing		68		-	68

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

<b>Nature of Liability</b>	<b>Open- ing Balance 1 April 2010 R'000</b>	<b>Liabili- ties in- curred during the year R'000</b>	<b>Li- abili- ties paid/ can- celled/ reduced during the year R'000</b>	<b>Li- abili- ties recov- erable (Pro- vide details hereun- der R'000)</b>	<b>Closing Bal- ance 31 March 2011 R'000</b>
Kabonga Longo/KZN Tribuna		60	-	-	60
Tshwane Residents/Minister of Human Settlements		50	-	-	50
Residents of Joe Slovo/Minister of Human Settlements		200	-	-	200
Madibeng Municipality		50	-	-	50
Cassiem Alexander & Another/Minister of Human Settlements & others		100	-	-	100
Ntombentsha Beja & others /Minister of Human Settlements		1 000	-	-	1 000
Musa Busisiwe Mdladla/Minister of Housing & Others		40	-	-	40
Madonsela & Another/Minister of Housing & Another		40	-	-	40
Thembisa Beauty None/Minister of Housing & Another		40	-	-	40
Mmankwe Sina Moobi/Minister of Housing & Another		40	-	-	40
Thulisile Immaculate Ntsele/Minister of Housing & Another		40	-	-	40
Matikazi Nyathi/Minister of Housing & Another		40	-	-	40
Thelma Thembisa Sibutha/Minister of Housing & Another		40	-	-	40
Victerss Sibutha/Minister of Housing & Another		40	-	-	40
Bonisiwe Elizabeth Sithole / Minister of Housing & Another		40	-	-	40
Phillip Sello Mazibuko/Minister of Housing & Another		40	-	-	40
Hozabalise Selina Mbane/Minister of Housing & Another		40	-	-	40
Ernet Ntombikanya Mchako/Minister of Housing & Another		40	-	-	40
Tshepo Mathews Methola/Minister of Housing & Another		40	-	-	40
Bjang Peit Malahlela/Minister of Housing & Another		40	-	-	40
Keketso Adelina Molingokane/Minister of Housing & Another		40	-	-	40
Ntombisa Ester Ndaba/Minister of Housing & Another		40	-	-	40
Rosina Papo/Minister of Housing & Another		40	-	-	40
Virginia Sebola/Minister of Housing & Another		40	-	-	40
Barone Grand Sedibe/Minister of Housing		40	-	-	40
Lindiwe Sesing/Minister of Housing & Another		40	-	-	40
Elias Lungile Thambe/Minister of Housing & Another		40	-	-	40
Busisiwe Tshabangu/Minister of Housing & Another		40	-	-	40
Nelesco/Gwebu and Nelesco/Nhlapo		400	-	-	400
Mpange Zithulele/Minister of Human Settlements		160	56	-	104
Busisiwe Tshabangu/Minister of Housing & Another		20	-	-	20
Eagle Valley v Illegal Occupants		300	-	-	300
City of Johannesburg v Blue Moonlight		615	315	-	300
<b>TOTAL</b>	<b>72 438</b>	<b>4 383</b>	<b>71 901</b>	<b>-</b>	<b>4 920</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**ANNEXURE 3**  
**CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000
<b>Department</b>						
SARS	-	-	-	16	-	16
GCIS	-	-	500	31	500	31
Department of Home Affairs	-	22	-	6	-	6
Gauteng Community Safety	-	-	22	-	22	22
International Relations and Cooperation (Foreign Affairs)	-	-	19	35	19	35
Statistics South Africa (Stats SA)	-	-	1	1	1	1
Unemployment Insurance Fund	-	-	1	1	1	1
Department of Safety and Security	-	-	-	19	-	19
Department of Defence and Military Veterans	-	-	1 328	2 151	1 328	2 151
Department of Correctional Services	-	-	-	2	-	2
Department of Education – KZN	-	-	-	-	-	1
Department of Justice	-	-	-	14	-	14
Department of Labour	-	-	-	66	-	66
Department of Public Works	-	-	-	21	-	21
Department of Water Affairs	-	-	-	1 362	-	1 362
Gauteng Housing	-	-	1	1	1	1
Limpopo Provincial Government	-	-	-	5	-	5
Department of Health	-	-	5	-	5	-
<b>Subtotal</b>	<b>-</b>	<b>23</b>	<b>1 877</b>	<b>3 731</b>	<b>1 877</b>	<b>3 754</b>
<b>Other Government Entities</b>						
National Home Builders Registration Council	-	-	-	32	-	32
National Housing Finance Corporation	-	-	-	5	-	5
South African Social Security Agency	-	-	1	1	1	1
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>38</b>	<b>1</b>	<b>38</b>
<b>TOTAL</b>	<b>-</b>	<b>23</b>	<b>1 878</b>	<b>3 769</b>	<b>1 878</b>	<b>3 792</b>





**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**ANNEXURE 4**  
**Inter-Government Payables**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000
<b>Departments</b>						
<b>Current</b>						
Department of Arts, Culture & Tourism, KZN	-	1	-	-	-	1
Western Cape LG & Housing	-	-	-	22	-	22
Department of Justice and Constitutional Development	714	-	-	-	714	-
Mpumalanga Provincial Government	14	-	-	-	14	-
Presidency	67	-	-	-	67	-
Water Affairs	318	-	76	-	394	-
Health and Social Development	32	-	-	-	32	-
South African Police Service	2	-	-	-	2	-
<b>Total</b>	<b>1 147</b>	<b>1</b>	<b>76</b>	<b>22</b>	<b>1 223</b>	<b>23</b>
<b>Other Government Entities</b>						
<b>Current</b>						
Government Printing Works	66	-	2	-	68	-
PALAMA	57	-	-	-	57	-
Special Investigations Unit	4 435	-	-	-	4 435	-
<b>Total</b>	<b>4 548</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>4 560</b>	<b>-</b>

**ANNEXURE 5**  
**Inventory**

Inventory	Note	Quantity	2010/11 R'000	Quantity	2009/10 R'000
Opening balance		7 517	41	18 785	57
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases - Cash		53 160	294	27 897	114
Add: Additions - Non-cash		-	-	1 337	5
(Less): Disposals		(83)	-	(2 627)	(2)
(Less): Issues		(30 689)	(169)	(37 049)	(126)
Add/(Less): Adjustments		-	(4)	(826)	(7)
Add/(Less): Weighted Average price range		-	8	-	-
<b>Closing balance</b>		<b>29 905</b>	<b>170</b>	<b>7 517</b>	<b>41</b>



**SA HOUSING FUND MANAGEMENT REPORT**  
for the year ended 31 March 2011

**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 2003/2004, changes in the financial management legislative environment precipitated a need to review the funds-flow mechanisms to provinces. In this regard, MinMEC approved that the process for the disestablishment of the fund be commenced with and draft legislation is in the process of being approved to give effect to that decision. A draft Bill has been submitted to the Minister for consideration. The delisting of the South African Housing Fund was approved 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: Housing 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 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 210 to 213 for the South African Housing Fund were approved by the Accounting Officer.



N L Mbengo  
ACTING CHIEF FINANCIAL OFFICER  
31 May 2011



T W Zulu  
DIRECTOR-GENERAL  
31 May 2011

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the South African Housing Fund, which comprise of the balance sheet as at 31 March 2011 and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information as set out on pages 211 to 214.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the liquidity basis of accounting as set out in note 1 to the financial statements and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

7. 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 2011, and its and cash flows for the year then ended in accordance with the liquidation basis, as set out in note 1 to the financial statements and the requirements of the *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*.

### Emphasis of matters

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

### Basis of Accounting

9. The South African Housing Fund's Policy is to prepare financial statements on the liquidity basis as set out in note 1 to the financial statements.

### Disestablishment of the SA Housing Fund

10. As disclosed in note 4 to the financial statements, the disestablishment of the South African Housing Fund was approved by the minister and Members of the Executive Council on 15 August 2003. The department is considering repealing the Housing Act and developing a new Human Settlements Act in light of the Department's new mandate, to make provision for the disestablishment of the South African Housing Fund.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

11. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 211 to 214 and material non-compliance with laws and regulations applicable to the department.

**Predetermined objectives**

12. There are no material findings on the annual performance report.

**Compliance with laws and regulations**

13. There are no findings concerning material non-compliance with laws and regulations applicable to the entity.

**INTERNAL CONTROL**

14. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. There are no significant deficiencies in the internal control that resulted in a qualification of the auditor's opinion on the financial statements and/or findings on predetermined objectives and/or material non-compliance with laws and regulations.

Auditor - General

Pretoria  
31 July 2011



*Auditing to build public confidence*



**SA HOUSING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Assets</b>			
<b>Current Assets</b>			
		32 585	32 585
Trade and other receivables	1	-	-
Cash and Cash Equivalents	4	32 585	32 585
<b>Total Assets</b>		<b>32 585</b>	<b>32 585</b>
<b>Equity and Liabilities</b>			
<b>Capital and Reserves</b>			
		31 958	31 958
Treasury Reserves		-	-
Non Distributable Reserves		-	-
Accumulated profits/(Losses)		31 958	31 958
<b>Current Liabilities</b>		<b>627</b>	<b>627</b>
Trade and other payables	2	627	627
<b>Total Equity and Liabilities</b>		<b>32 585</b>	<b>32 585</b>



**SA HOUSING FUND  
CASH FLOW STATEMENT**  
for the year ended 31 March 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Cash flows from finance activities</b>			
(Increase)/Decrease in financial instruments		-	-
<b>Net cash inflow/(outflow) from investing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		-	-
<b>Cash and cash equivalents at beginning of period</b>		32 585	32 585
<b>Cash and cash equivalents at end of period</b>	4	<b>32 585</b>	<b>32 585</b>





**SA HOUSING FUND**  
**SUMMARY OF ACCOUNTING POLICIES**  
for the year ended 31 March 2011

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.

#### **1.1 Financial Instruments**

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

#### **Measurement**

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

#### **Trade and other receivables**

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

#### **Cash and cash equivalents**

Cash and cash equivalents are measured at cost.

#### **Financial liabilities**

Financial liabilities are recognised at cost.

#### **1.2 Administration Costs**

All administration costs are borne by Department of Human Settlements.



**SA HOUSING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**1. Trade and other Receivables**

	31 March 2011 R'000	31 March 2010 R'000
Debtors	421	421
Less: Provision for bad debt	(421)	(421)
	<u>-</u>	<u>-</u>

**2. Trade and other Payables**

	31 March 2011 R'000	31 March 2010 R'000
Post office account	627	627
	<u>627</u>	<u>627</u>

**3. Disestablishment of the S A Housing Fund**

At the meeting of the MinMEC Committee of 15 August 2003, MinMEC approved the disestablishment of the South African Housing Fund and the Provincial Housing Development funds established in terms of various provincial Housing Acts. A draft Bill has been submitted to the Office of the State Law Adviser and to the National Treasury for consideration and input. The department is also considering repealing the Housing Act and developing a new Human Settlements Act in light of the department's new mandate. The delisting of the South African Housing Fund was approved with effect from 18 November 2003.

**4. Cash and cash equivalents**

	31 March 2011 R'000	31 March 2010 R'000
Cash on hand	25 229	25 229
Cash with CPD	7 356	7 356
	<u>32 585</u>	<u>32 585</u>



# HUMAN RESOURCE MANAGEMENT

**TABLE 1.1 - Main service for service delivery improvement and standards**

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
None				
None				
None				

**TABLE 1.2 - Consultation arrangements for customers**

Type of arrangement	Actual customers	Potential customers	Actual achievement
None			
None			
None			

**TABLE 1.3 - Service delivery access strategy**

Access strategy	Actual achievements
None	
None	
None	

**TABLE 1.4 - Service information tool**

Type of information tool	Actual achievements
None	
None	
None	

**TABLE 1.5 – Complaints mechanism**

Complaints mechanism	Actual achievements
None	
None	
None	

**TABLE 2.1 – Personnel costs by Programme**

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percentage(%) of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
DHS: Administration	188 598	73 423	0	0	38.9	106	696
DHS: Housing delivery support	0	0	0	0	0	0	696
DHS: Housing development finance	15 626 545	26 534	0	0	0.2	38	696
DHS: Housing plan & delivery supp	156 830	57 326	0	0	36.6	82	696
DHS: Housing pol research & monitor	32 642	19 890	0	0	60.9	29	696
DHS: Housing policy research & plan	0	0	0	0	0	0	696
DHS: Strat relation and govern	87 386	39 282	0	0	45	56	696
DWA: Administration	0	0	0	0	0	0	696
<b>Total as on Financial Systems (BAS)</b>	<b>16 092 000</b>	<b>216 455</b>	<b>0</b>	<b>0</b>	<b>1.3</b>	<b>311</b>	<b>696</b>

**TABLE 2.2 – Personnel costs by salary band**

Salary bands	Compensation of employee cost (R'000)	Percentage of total personnel cost for Department	Average compensation cost per employee (R)	Total personnel cost for Department including goods and transfers (R'000)	Number of employees
Lower skilled (Levels 1-2)	2 634	1.2	97 556	219 831	27
Skilled (Levels 3-5)	8 917	4.1	133 090	219 831	67
Highly skilled production (Levels 6-8)	40 215	18.3	217 378	219 831	185
Highly skilled supervision (Levels 9-12)	87 174	39.7	377 377	219 831	231
Senior management (Levels 13-16)	54 226	24.7	753 139	219 831	72
Contract (Levels 1-2)	828	0.4	19 714	219 831	42
Contract (Levels 3-5)	347	0.2	18 263	219 831	19
Contract (Levels 6-8)	4 590	2.1	208 636	219 831	22
Contract (Levels 9-12)	6 798	3.1	323 714	219 831	21
Contract (Levels 13-16)	8 601	3.9	860 100	219 831	10
Abnormal Appointment	77	0	3 850	219 831	20
<b>TOTAL</b>	<b>214407</b>	<b>97.5</b>	<b>299451</b>	<b>219831</b>	<b>716</b>

**TABLE 2.3 – Salaries, overtime, home-owners allowance and medical assistance by programme**

Programme	Salaries (R'000)	Salaries as % of personnel cost	Overtime (R'000)	Overtime as % of personnel cost	HOA (R'000)	HOA as % of personnel cost	Medical ass (R'000)
Prog 1: Administration	58940	78.4	577	0.8	2113	2.8	2586
Prog 2: Housing Policy Research & Monitoring	14217	76.3	38	0.2	366	2	497
Prog 3: Housing Planning and Delivery Support	41316	72.9	151	0.3	1363	2.4	1535
Prog 4: Housing Development Finance	19584	72.5	537	2	659	2.4	970
Prog 5: Strategic Relations and Governance	33170	78.3	18	0	833	2	1280
Prog 1: Administration31000000	11	100	0	0	0	0	0
<b>TOTAL</b>	<b>167238</b>	<b>76.1</b>	<b>1321</b>	<b>0.6</b>	<b>5334</b>	<b>2.4</b>	<b>6868</b>

**TABLE 2.4 – Salaries, overtime, home-owners allowance and medical assistance by salary**

Salary bands	Salaries (R'000)	Salaries as % of personnel cost	Overtime (R'000)	Overtime as % of personnel cost	HOA (R'000)	HOA as % of personnel cost	Medical ass. (R'000)
Lower skilled (Levels 1-2)	1739	66	17	0.6	200	7.6	239
Skilled (Levels 3-5)	5963	65.8	333	3.7	463	5.1	720
Highly skilled production (Levels 6-8)	28726	70.2	546	1.3	1252	3.1	2567
Highly skilled supervision (Levels 9-12)	66546	73.5	355	0.4	1519	1.7	2557
Senior management (Levels 13-16)	44044	79.6	0	0	1860	3.4	743
Contract (Levels 1-2)	822	97.3	7	0.8	0	0	0
Contract (Levels 3-5)	327	94.2	9	2.6	0	0	0
Contract (Levels 6-8)	4486	97.5	52	1.1	0	0	0
Contract (Levels 9-12)	6330	91.9	4	0.1	0	0	27
Contract (Levels 13-16)	8178	94.4	0	0	40	0.5	15
Abnormal appointment	77	96.3	0	0	0	0	0
<b>TOTAL</b>	<b>167238</b>	<b>76.1</b>	<b>1323</b>	<b>0.6</b>	<b>5334</b>	<b>2.4</b>	<b>6868</b>

**TABLE 3.1 – Employment and vacancies by Programme at end of period**

Programme	Number of posts	Number of posts filled	Vacancy rate (%)	Number of posts filled additional to the establishment
Prog 1: Administration - permanent	316	281	11.1	39
Prog 2: Housing Policy Research & Monitoring - permanent	82	60	26.8	1
Prog 3: Housing Planning and Delivery Support - permanent	203	144	29.1	7
Prog 4: Housing Development Finance - permanent	105	87	17.1	6
Prog 5: Strategic Relations and Governance - permanent	157	124	21	13
<b>TOTAL</b>	<b>863</b>	<b>696</b>	<b>19.4</b>	<b>66</b>

**TABLE 3.2 – Employment and vacancies by salary band at end of period**

Salary band	Number of posts	Number of posts filled	Vacancy rate (%)	Number of posts filled additional to the establishment
Lower skilled (Levels 1- 2) - permanent	28	27	3.6	0
Skilled (Levels 3 - 5) - permanent	81	67	17.3	4
Highly skilled production (Levels 6-8) - permanent	241	185	23.2	13
Highly skilled supervision (Levels 9 -12) - permanent	316	231	26.9	10
Senior management (Levels 13- 16) - permanent	83	72	13.3	0
Contract (Levels 1- 2) - permanent	42	42	0	15
Contract (Levels 3- 5) - permanent	19	19	0	0
Contract (Levels 6 - 8) - permanent	22	22	0	13
Contract (Levels 9 -12) - permanent	21	21	0	8
Contract (Levels 13 -16) - permanent	10	10	0	3
<b>TOTAL</b>	<b>863</b>	<b>696</b>	<b>19.4</b>	<b>66</b>



**TABLE 3.3 – Employment and vacancies by critical occupation at end of period**

Critical occupations	Number of posts	Number of posts filled	Vacancy rate (%)	Number of posts filled additional to the establishment
Administrative related, permanent	189	134	29.1	3
Cleaners in offices, workshops, hospitals, etc., permanent	19	18	5.3	0
Client inform clerks (switchboard reception inform clerks), permanent	34	31	8.8	0
Economists, permanent	48	35	27.1	0
Engineers and related professionals, permanent	12	8	33.3	0
Finance and economics related, permanent	33	26	21.2	2
Financial and related professionals, permanent	14	10	28.6	1
Financial clerks and credit controllers, permanent	35	31	11.4	3
Food services aids and waiters, permanent	7	7	0	0
General legal administration & rel. professionals, permanent	8	3	62.5	0
Head of Department/Chief Executive Officer, permanent		1	0	0
Household food and laundry services related, permanent	10	9	10	4
Human resources & organisational development & related professions, permanent	19	18	5.3	8
Human resources clerks, permanent	32	29	9.4	13
Human resources related, permanent	10	9	10	0
Librarians and related professionals, permanent	1	1	0	0
Library mail and related clerks, permanent	26	24	7.7	12
Light vehicle drivers, permanent	2	2	0	0
Logistical support personnel, permanent	82	73	11	8
Material-recording and transport clerks, permanent	12	9	25	0
Messengers, porters and deliverers, permanent	11	8	27.3	0
Other administrative and related clerks and organisers, permanent	58	51	12.1	4
Other occupations, permanent	4	3	25	0
Risk management and security services, permanent	10	7	30	0
Secretaries & other keyboard operating clerks, permanent	64	48	25	4
Security officers, permanent	23	22	4.3	1
Senior managers, permanent	99	79	20.2	3
<b>TOTAL</b>	<b>863</b>	<b>696</b>	<b>19.4</b>	<b>66</b>

**TABLE 4.1 – Job evaluation**

Salary band	Number of posts	Number of jobs evaluated	Posts evaluated (%)	Number of posts up-graded	Up-graded posts evaluated (%)	Number of posts down-graded	Down-graded posts evaluated (%)
Lower skilled (Levels 1-2)	28	0	0	0	0	0	0
Contract (Levels 1-2)	42	0	0	0	0	0	0
Contract (Levels 3-5)	19	0	0	0	0	0	0
Contract (Levels 6-8)	22	0	0	0	0	0	0
Contract (Levels 9-12)	21	0	0	0	0	0	0
Contract (Band A)	6	0	0	0	0	0	0
Contract (Band B)	1	0	0	0	0	0	0
Contract (Band D)	3	0	0	0	0	0	0
Skilled (Levels 3-5)	81	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	241	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	316	22	7	0	0	0	0
Senior Management Service Band A	54	0	0	0	0	0	0
Senior Management Service Band B	22	0	0	0	0	0	0
Senior Management Service Band C	5	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
<b>TOTAL</b>	<b>863</b>	<b>22</b>	<b>2.5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 4.2 – Profile of employees whose positions were upgraded due to their posts being upgraded**

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

**TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation (i.t.o PSR 1.V.C.3)**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	No of employees in Dept
Total	0	0	0	0	0
Percentage of total employment (%)	0	0	0	0	0

**TABLE 4.4 – Profile of employees whose positions were upgraded due to their posts being upgraded**

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

**TABLE 5.1 – Annual turnover rates by salary band**

Salary band	Employment at beginning of period (April 2010)	Appoint-ments	Termina-tions	Turnover rate (%)
Lower skilled (Levels 1-2), permanent	24	10	0	0
Skilled (Levels 3-5), permanent	58	12	4	6.9
Highly skilled production (Levels 6-8), permanent	158	39	7	4.4
Highly skilled supervision (Levels 9-12), permanent	199	21	11	5.5
Senior Management Service Band A, permanent	46	0	0	0
Senior Management Service Band B, permanent	18	1	0	0
Senior Management Service Band C, permanent	3	1	1	33.3
Senior Management Service Band D, permanent	2	1	0	0
Contract (Levels 1-2), permanent	0	43	12	0
Contract (Levels 3-5), permanent	3	23	5	166.7
Contract (Levels 6-8), permanent	27	30	34	125.9
Contract (Levels 9-12), permanent	14	15	10	71.4
Contract (Band A), permanent	4	2	0	0
Contract (Band B), permanent	0	0	1	0
Contract (Band C), permanent	0	1	0	0
Contract (Band D), permanent	3	0	1	33.3
<b>TOTAL</b>	<b>559</b>	<b>199</b>	<b>86</b>	<b>15.4</b>

**TABLE 5.2 – Annual turnover rates by critical occupation**

Occupation	Employment at beginning of period (April 2010)	Appointments	Terminations	Turnover rate (%)
Administrative related, permanent	98	19	12	12.2
Auxiliary and related workers, permanent	1	0	0	0
Civil engineering technicians, permanent	4	0	0	0
Cleaners in offices, workshops, hospitals, etc., permanent	23	2	0	0
Client inform clerks (switchboard, receipt, inform clerks), permanent	4	0	0	0
Communication and information related, permanent	9	0	0	0
Community development workers, permanent	7	0	2	28.6
Custodian personnel, permanent	1	0	0	0
Economists, permanent	39	1	3	7.7
Engineering sciences related, permanent	5	0	0	0
Engineers and related professionals, permanent	9	2	0	0
Finance and economics related, permanent	28	4	3	10.7
Financial and related professionals, permanent	8	2	0	0
Financial clerks and credit controllers, permanent	32	36	14	43.8
Food services aids and waiters, permanent	6	0	0	0
General legal administration & related professionals, permanent	4	0	0	0
Geologists geophysicists hydrologists & related prof, permanent	1	0	0	0
Head of Department/Chief Executive Officer, permanent	0	1	0	0
Health sciences related, permanent	1	0	0	0
Household food and laundry services related, permanent	0	5	1	0
Housekeepers laundry and related workers, permanent	1	0	0	0
Human resources & organisational development & related prof, permanent	13	7	0	0
Human resources clerks, permanent	16	17	1	6.3
Human resources related, permanent	6	0	0	0
Information technology related, permanent	1	0	0	0
Language practitioners, interpreters & other communication, permanent	2	0	0	0
Legal related, permanent	2	0	0	0
Librarians and related professionals, permanent	1	0	0	0
Library mail and related clerks, permanent	14	15	2	14.3
Light vehicle drivers, permanent	2	0	0	0
Logistical support personnel, permanent	4	34	0	0
Material-recording and transport clerks, permanent	9	7	1	11.1
Medical research and related professionals, permanent	1	0	0	0

Occupation	Employment at beginning of period (April 2010)	Appointments	Terminations	Turnover rate (%)
Messengers porters and deliverers, permanent	7	0	0	0
Natural sciences related, permanent	3	0	1	33.3
Other administrat & related clerks & organisers, permanent	37	25	15	40.5
Other administrative policy and related officers, permanent	3	0	1	33.3
Other information technology personnel., permanent	3	0	0	0
Other occupations, permanent	5	0	0	0
Risk management & security services, permanent	2	2	1	50
Secretaries & other keyboard operating clerks, permanent	67	12	24	35.8
Security guards, permanent	5	0	1	20
Security officers, permanent	19	4	1	5.3
Senior managers, permanent	45	4	3	6.7
Social sciences related, permanent	10	0	0	0
Trade/industry advisers & other related profession, permanent	1	0	0	0
<b>TOTAL</b>	<b>559</b>	<b>199</b>	<b>86</b>	<b>15.4</b>

TABLE 5.3 – Reasons why staff are leaving the Department

Termination type	Number	Percentage of total resignations(%)	Percentage of total employment(%)	Total	Total employment
Resignation, permanent	23	26.7	4.1	86	559
Expiry of contract, permanent	55	64	9.8	86	559
Transfers, permanent	1	1.2	0.2	86	559
Dismissal-misconduct, permanent	1	1.2	0.2	86	559
Retirement, permanent	6	7	1.1	86	559
<b>TOTAL</b>	<b>86</b>	<b>100</b>	<b>15.4</b>	<b>86</b>	<b>559</b>

**TABLE 5.4 – Promotions by critical occupation**

Occupation	Employment at beginning of period (April 2010)	Promotions to another salary level	Salary level promotions as % of employment	Progressions to another notch within salary level	Notch progressions as % of employment
Administrative related	98	21	21.4	42	42.9
Agriculture related	0	1	0	0	0
Auxiliary and related workers	1	0	0	0	0
Civil engineering technicians	4	2	50	1	25
Cleaners in offices, workshops, hospitals, etc.	23	2	8.7	14	60.9
Client inform clerks (switchboard reception inform clerks)	4	2	50	2	50
Communication and information related	9	1	11.1	6	66.7
Community development workers	7	1	14.3	2	28.6
Custodian personnel	1	0	0	0	0
Economists	39	2	5.1	21	53.8
Engineering sciences related	5	0	0	0	0
Engineers and related professionals	5	2	22.2	2	22.2
Finance and economics related	28	6	21.4	14	50
Financial and related professionals	8	3	37.5	3	37.5
Financial clerks and credit controllers	32	5	15.6	12	37.5
Food services aid and waiters	6	0	0	4	66.7
General legal administration & related professionals	4	1	25	3	75
Geologists geophysicists hydrologists & related professionals	1	0	0	1	100
Health sciences related	0	0	0	0	0
Housekeepers laundry and related workers	1	0	0	1	100
Human resources & organisational development & related professionals	13	4	30.8	4	30.8
Human resources clerks	16	0	0	12	75
Human resources related	6	3	50	1	16.7
Information technology related	1	0	0	0	0
Language practitioners, interpreters & other communication	2	0	0	2	100
Legal related	2	0	0	0	0
Librarians and related professionals	1	0	0	1	100
Library mail and related clerks	14	0	0	6	42.9
Light vehicle drivers	2	0	0	2	100
Logistical support personnel	4	6	150	1	25
Material-recording and transport clerks	9	1	11.1	4	44.4
Medical research and related professionals	1	0	0	0	0

Occupation	Employment at beginning of period (April 2010)	Promotions to another salary level	Salary level promotions as % of employment	Progressions to another notch within salary level	Notch progressions as % of employment
Messengers porters and deliverers	7	0	0	3	42.9
Natural sciences related	3	0	0	1	33.3
Other administrat & related clerks and organisers	37	6	16.2	20	54.1
Other administrative policy and related officers	3	1	33.3	1	33.3
Other information technology personnel.	3	0	0	3	100
Other occupations	5	0	0	2	40
Risk management and security services	2	2	100	1	50
Secretaries & other keyboard operating clerks	67	3	4.5	29	43.3
Security guards	5	0	0	2	40
Security officers	19	0	0	15	78.9
Senior managers	45	4	8.9	18	40
Social sciences related	10	2	20	4	40
Trade/industry advisers & other related profession	1	1	100	0	0
<b>TOTAL</b>	<b>553</b>	<b>82</b>	<b>14.7</b>	<b>260</b>	<b>46.5</b>

TABLE 5.5 – Promotions by salary band

Salary band	Employment at beginning of period (April 2010)	Promotions to another salary level	Salary level promotions as % of employment	Progressions to another notch within salary level	Notch progressions as % of employment
Lower skilled (Levels 1-2), permanent	24	0	0	14	58.3
Skilled (Levels 3-5), permanent	58	6	10.3	31	53.4
Highly skilled production (Levels 6-8), permanent	158	20	12.7	91	57.6
Highly skilled supervision (Levels 9-12), permanent	199	49	24.6	95	47.7
Senior management (Levels 13-16), permanent	69	7	10.1	28	40.6
Contract (Levels 3-5), permanent	3	0	0	0	0
Contract (Levels 6-8), permanent	27	0	0	0	0
Contract (Levels 9-12), permanent	14	0	0	0	0
Contract (Levels 13-16), permanent	7	0	0	1	14.3
<b>TOTAL</b>	<b>559</b>	<b>82</b>	<b>14.7</b>	<b>260</b>	<b>46.5</b>



**TABLE 6.1 – Total number of employees (including employees with disabilities) per occupational category (SASCO)**

Occupational categories	Male African	Male Coloured	Male Indian	Male: Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female: Total Blacks	Female White	Total
Legislators, senior officials and managers, permanent	20	1	2	23	6	17	2	2	21	2	52
Professionals, permanent	68	1	2	71	6	73	3	2	78	12	167
Technicians and associate professionals, permanent	73	1	2	76	2	70	1	3	74	5	157
Clerks, permanent	68	2	0	70	2	149	7	6	162	13	247
Service and sales workers, permanent	17	0	0	17	0	13	0	1	14	0	31
Plant and machine operators and assemblers, permanent	1	0	0	1	0	0	0	0	0	0	1
Elementary occupations, permanent	12	1	0	13	1	25	1	0	26	1	41
<b>TOTAL</b>	<b>259</b>	<b>6</b>	<b>6</b>	<b>271</b>	<b>17</b>	<b>347</b>	<b>14</b>	<b>14</b>	<b>375</b>	<b>33</b>	<b>696</b>

**TABLE 6.2 – Total number of employees (including employees with disabilities) per occupational band**

Occupational bands	Male, African	Male, Coloured	Male, Indian	Male Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, permanent	3	0	1	4	0	1	0	1	2	0	6
Senior Management, permanent	29	1	2	32	8	20	1	1	22	4	66
Professionally qualified and experienced specialists and mid-management, permanent	95	2	3	100	4	104	4	6	114	13	231
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	50	2	0	52	2	106	5	5	116	15	185
Semi-skilled and discretionary decision making, permanent	28	0	0	28	1	37	0	1	38	0	67
Unskilled and defined decision making, permanent	6	1	0	7	0	19	1	0	20	0	27
Contract (Top Management), permanent	2	0	0	2	1	0	0	0	0	0	3
Contract (Senior Management), permanent	1	0	0	1	1	4	1	0	5	0	7
Contract (professionally qualified), permanent	8	0	0	8	0	12	0	0	12	1	21
Contract (skilled technical), permanent	10	0	0	10	0	10	2	0	12	0	22
Contract (semi-skilled), permanent	9	0	0	9	0	10	0	0	10	0	19
Contract (unskilled), permanent	18	0	0	18	0	24	0	0	24	0	42
<b>TOTAL</b>	<b>259</b>	<b>6</b>	<b>6</b>	<b>271</b>	<b>17</b>	<b>347</b>	<b>14</b>	<b>14</b>	<b>375</b>	<b>33</b>	<b>696</b>

**TABLE 6.3 – Recruitment: New appointments per occupational band**

Occupational band	Male African	Male Coloured	Male Indian	Male: Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female: Total Blacks	Female White	Total
Top Management, permanent	1	0	1	2	0	0	0	0	0	0	2
Senior Management, permanent	1	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, permanent	6	1	2	9	0	11	0	0	11	1	21
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	19	0	0	19	1	19	0	0	19	0	39
Semi-skilled and discretionary decision making, permanent	1	0	0	1	0	10	0	1	11	0	12
Unskilled and defined decision making, permanent	3	0	0	3	0	7	0	0	7	0	10
Contract (Top Management), permanent	0	0	0	0	1	0	0	0	0	0	1
Contract (Senior Management), permanent	0	0	0	0	0	2	0	0	2	0	2
Contract (professionally qualified), permanent	7	0	0	7	0	7	0	0	7	1	15
Contract (skilled technical), permanent	3	0	0	3	0	16	1	0	17	0	30
Contract (semi-skilled), permanent	12	0	0	12	0	11	0	0	11	0	23
Contract (unskilled), permanent	19	0	0	19	0	24	0	0	24	0	43
<b>TOTAL</b>	<b>82</b>	<b>1</b>	<b>3</b>	<b>86</b>	<b>2</b>	<b>107</b>	<b>1</b>	<b>1</b>	<b>109</b>	<b>2</b>	<b>199</b>

**TABLE 6.4 – Promotions**

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management									
Senior Management									
Professionally qualified and experienced specialists and mid management									
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents									
Semi-skilled and discretionary decision making									
Unskilled and defined decision making									
<b>TOTAL</b>									

<b>Employees with disabilities</b>									
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**TABLE 6.5 – Terminations**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management									
Senior Management									
Professionally qualified and experienced specialists and mid management									
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents									
Semi-skilled and discretionary decision making									
Unskilled and defined decision making									
<b>TOTAL</b>									
<b>Employees with disabilities</b>									

**TABLE 6.6 – Disciplinary action**

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

**TABLE 6.7 – Skills development**

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers									
Professionals									
Technicians and associate professionals									
Clerks									
Service and sales workers									
Skilled agriculture and fishery workers									
Craft and related trades workers									
Plant and machine operators and assemblers									
Elementary occupations									
<b>TOTAL</b>									
<b>Employees with disabilities</b>									

**TABLE 7.1 – Performance rewards by race, gender and disability**

Demographics	Number of beneficiaries	Total employment	Percentage of total employment (%)	Cost (R'000)	Average cost per beneficiary (R)
African: Female	114	347	32.9	1 631	14 310
African: Male	68	258	26.4	1 000	14 711
Asian: Female	5	13	38.5	148	29 644
Asian: Male	0	6	0	0	0
Coloured: Female	4	14	28.6	57	14 363
Coloured: Male	2	6	33.3	24	12 120
Total Blacks: Female	123	374	32.9	1 837	14 935
Total Blacks: Male	70	270	25.9	1 025	14 637
White: Female	19	33	57.6	428	22 538
White: Male	5	17	29.4	153	30 690
Employees with a disability	2	2	100	50	24 991
<b>TOTAL</b>	<b>219</b>	<b>696</b>	<b>31.5</b>	<b>3 493</b>	<b>15 951</b>

**TABLE 7.2 – Performance rewards by salary band for personnel below Senior Management service**

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Lower skilled (Levels 1-2)	14	27	51.9	66	4 714
Skilled (Levels 3-5)	28	67	41.8	176	6 286
Highly skilled production (Levels 6-8)	71	185	38.4	725	10 211
Highly skilled supervision (Levels 9-12)	89	231	38.5	1 827	20 528
Contract (Levels 1-2)	0	42	0	0	0
Contract (Levels 3-5)	0	19	0	0	0
Contract (Levels 6-8)	0	22	0	0	0
Contract (Levels 9-12)	2	21	9.5	61	30 500
Abnormal Appointment	0	20	0	0	0
<b>TOTAL</b>	<b>204</b>	<b>634</b>	<b>32.2</b>	<b>2855</b>	<b>13995</b>

**TABLE 7.3 – Performance rewards by critical occupation**

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Administrative related	38	109	34.9	863	22 711
Agriculture related	0	1	0	0	0
Civil engineering technicians	3	3	100	17	5 667
Cleaners in offices, workshops, hospitals, etc.	15	25	60	77	5 133
Client inform clerks (switchboard reception inform clerks)	2	6	33.3	12	6 000
Communication and information related	1	8	12.5	8	8 000
Community development workers	3	7	42.9	30	10 000
Custodian personnel	1	1	100	21	21 000
Economists	13	38	34.2	317	24 385
Engineering sciences related	2	3	66.7	24	12 000
Engineers and related professionals	6	13	46.2	138	23 000
Finance and economics related	12	33	36.4	280	23 333
Financial and related professionals	5	11	45.5	89	17 800
Financial clerks and credit controllers	12	56	21.4	93	7 750
Food services aids and waiters	4	6	66.7	24	6 000
General legal administration & related professionals	3	3	100	95	31 667
Geologists, geophysicists, hydrologists & related prof	1	1	100	11	11 000
Head of Department/Chief Executive Officer	0	1	0	0	0
Household food and laundry services related	0	5	0	0	0
Housekeepers laundry and related workers	1	1	100	6	6 000
Human resources & organisational development & related prof	5	23	21.7	82	16 400
Human resources clerks	8	31	25.8	115	14 375
Human resources related	1	7	14.3	21	21 000
Language practitioners interpreters & other commun	1	2	50	7	7 000
Legal related	0	2	0	0	0
Librarians and related professionals	0	1	0	0	0
Library mail and related clerks	6	25	24	63	10 500
Light vehicle drivers	1	1	100	5	5 000
Logistical support personnel	3	40	7.5	23	7 667
Material-recording and transport clerks	2	14	14.3	20	10 000
Medical research and related professionals	0	1	0	0	0
Messengers porters and deliverers	2	7	28.6	14	7 000
Natural sciences related	1	2	50	28	28 000
Other administrative & related clerks and organisers	15	58	25.9	171	11 400
Other administrative policy and related officers	1	3	33.3	5	5 000

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Other information technology personnel.	2	3	66.7	29	14 500
Other occupations	0	5	0	0	0
Risk management and security services	2	4	50	16	8 000
Secretaries & other keyboard operating clerks	18	56	32.1	211	11 722
Security guards	3	3	100	18	6 000
Security officers	9	18	50	56	6 222
Senior managers	10	49	20.4	411	41 100
Social sciences related	7	9	77.8	92	13 143
Trade/industry advisers & other related profession	0	1	0	0	0
<b>TOTAL</b>	<b>219</b>	<b>696</b>	<b>31.5</b>	<b>3492</b>	<b>15945</b>

**TABLE 7.4 – Performance-related rewards (cash bonus) by salary band for Senior Management service**

SMS Band	Number of beneficiaries	Total employment	Percentage of total employment (%)	Cost (R'000)	Average cost per beneficiary (R)
Band A	7	52	13.5	323	4 614
Band B	7	21	33.3	280	4 000
Band C	0	4	0	0	0
Band D	0	5	0	0	0
<b>TOTAL</b>	<b>14</b>	<b>82</b>	<b>17.1</b>	<b>603</b>	<b>4307.1</b>

**TABLE 8.1 – Foreign workers by salary band**

Salary band	Employment at beginning period	Percentage of total (%)	Employment at end of period	Percentage of total (%)	Change in employment	Percentage of total (%)	Total employment at beginning of period	Total employment at end of period	Total change in employment
Senior management (Levels 13-16)	3	100	3	100	0	0	3	3	0
<b>TOTAL</b>	<b>3</b>	<b>100</b>	<b>3</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>

**TABLE 8.2 – Foreign workers by major occupation**

Major occupation	Employment at beginning period	Percentage of total (%)	Employment at end of period	Percentage of total (%)	Change in employment	Percentage of total (%)	Total employment at beginning of period	Total employment at end of period	Total change in employment
Professionals and managers	3	100	3	100	0	0	3	3	0
<b>TOTAL</b>	<b>3</b>	<b>100</b>	<b>3</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>

**TABLE 9.1 – Sick leave: Jan 2010 to Dec 2010**

Salary band	Total Days	% Days with medical certification	Number of employees using sick leave	% Total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of employees using sick leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	294	96.6	51	4.6	14	62	460	284
Skilled (Levels 3-5)	971	89.5	51	11.1	7	109	460	332
Highly skilled production (Levels 6-8)	1129	80.1	118	30	8	626	460	904
Highly skilled supervision (Levels 9-12)	1241	80.3	175	31	7	1 492	460	997
Senior management (Levels 13-16)	319	74.3	49	10.7	7	932	460	237
Contract (Levels 1-2)	10	80	4	0.9	3	2	460	8
Contract (Levels 3-5)	7	85.7	3	0.7	2	2	460	6
Contract (Levels 6-8)	30	72.2	12	2.6	3	20	460	26
Contract (Levels 9-12)	18	33.3	6	1.3	3	24	460	15
Contract (Levels 13 -16)	12	100	1	0.2	12	59	460	12
<b>TOTAL</b>	<b>3437</b>	<b>82.1</b>	<b>460</b>	<b>100</b>	<b>7</b>	<b>3328</b>	<b>460</b>	<b>2821</b>

**TABLE 9.2 – Disability leave (temporary and permanent): Jan 2010 to Dec 2010**

Salary band	Total days	% Days with medical certification	Number of employees using disability leave	% Total employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certification	Total number of employees using disability leave
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**TABLE 9.3 – Annual Leave for Jan 2010 to Dec 2010**

Salary band	Total days taken	Average days per employee	Number of employees who took leave
Lower skilled (Levels 1-2)	465	18	26
Skilled (Levels 3-5)	1111	17	66
Highly skilled production (Levels 6-8)	3263	17	194
Highly skilled supervision (Levels 9-12)	4472	18	247
Senior management (Levels 13-16)	1603	22	73
Contract (Levels 1-2)	133	4	37
Contract (Levels 3-5)	23	8	3
Contract (Levels 6-8)	309	10	30
Contract (Levels 9-12)	218	12	18
Contract (Levels 13-16)	92	10	9
<b>TOTAL</b>	<b>11689</b>	<b>17</b>	<b>703</b>

**TABLE 9.4 – Capped leave for Jan 2010 to Dec 2010**

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 Dec 2010	Number of employees who took capped leave	Total number of capped leave available at 31 Dec 2010	Number of employees as at 31 Dec 2010
Highly skilled production (Levels 6-8)	23	12	48	2	1538	32
Highly skilled supervision (Levels 9-12)	6	3	37	2	2198	59
Senior management (Levels 13-16)	3	3	58	1	1855	32
Contract (Levels 9-12)	4	4	8	1	8	1
<b>TOTAL</b>	<b>36</b>	<b>6</b>	<b>45</b>	<b>6</b>	<b>5599</b>	<b>124</b>

**TABLE 9.5 – Leave payouts**

Reason	Total amount (R'000)	Number of employees	Average payment per employee @
Capped leave payouts on termination of service for 2010/2011	62	6	10333
Current leave payout on termination of service for 2010/2011	25	3	8333
<b>TOTAL</b>	<b>87</b>	<b>9</b>	<b>9667</b>

**TABLE 10.1 – Steps taken to reduce the risk of occupational exposure**

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

**TABLE 10.2 – Details of Health Promotion and HIV and AIDS Programmes (tick Yes/No and provide 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		Director Organisational Transformation
2. Does the Department have a dedicated unit or have you designated specific staff members to promote 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		Deputy Director and Assistant Director: Employee Health and Wellness. Budget of the Unit is R 510000.
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements / services of the programme.	Yes		Short term counselling for various psycho social problems to employees and their families, Employees orientation services, managerial consultancy and training services, health promotion activities.
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.		No	
5. Has the Department reviewed the employment policies and practices of your department 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.	Yes		The Recruitment and Selection Policy
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.		No	
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		Improvement in Employees Wellness Day participation and an increase in the number of employees who know their HIV status
8. Has the Department developed measures / indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		No	

**TABLE 11.1 – Collective Agreements**

Subject matter	Date
NONE	

**TABLE 11.2 – Misconduct and discipline hearings finalised**

Outcomes of disciplinary hearings	Number	% of Total
<b>TOTAL</b>	<b>2</b>	<b>0</b>

Dismissal and suspension without pay for two months and final written warning

**TABLE 11.3 – Types of misconduct addressed and disciplinary hearings**

Type of misconduct	Number	% of Total
<b>TOTAL</b>	<b>2</b>	<b>0</b>

Unauthorised possession of State property and financial misconduct

**TABLE 11.4 – Grievances lodged**

Number of grievances addressed	Number	% of Total
<b>TOTAL</b>	<b>21</b>	<b>0</b>

**TABLE 11.5 – Disputes lodged**

Number of disputes addressed	Number	% of total
Upheld	0	0
Dismissed	1	33.3
<b>Total</b>	<b>3</b>	

**TABLE 11.6 – Strike actions**

Strike actions	
Total number of person working days lost	54
Total cost(R'000) of working days lost	R55 292.99
Amount (R'000) recovered as a result of no work no pay	R55 292.99

**TABLE 11.7 – Precautionary suspensions**

Precautionary suspensions	
Number of people suspended	3
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	126
Cost (R'000) of suspensions	R117 647.54

**TABLE 12.1 – Training needs identified**

Occupational categories	Gender	Number of employees as at 1 April 2010	Training needs identified at start of reporting period			
			Learner-ships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female Male					
Professionals	Female Male					
Technicians and associate professionals	Female Male					
Clerks	Female Male					
Service and sales workers	Female Male					
Skilled agriculture and fishery workers	Female Male					
Craft and related trades workers	Female Male					
Plant and machine operators and assemblers	Female Male					
Elementary occupations	Female Male					
Subtotal	Female Male					
<b>Total</b>						

**TABLE 12.2 – Training provided**

Occupational categories	Gender	Employment	Learner-ships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female Male	35 55	0 0	8 4	0 0	8 4
Professionals	Female Male	125 108	0 0	7 6	0 0	7 6
Technicians and associate professionals	Female Male	0 0	0 0	8 5	0 0	8 5
Clerks	Female Male	63 40	0 0	6 5	0 0	6 5
Service and sales workers	Female Male	0 0	0 0	0 0	0 0	0 0
Skilled agriculture and fishery workers	Female Male	180 179	0 0	6 8	0 0	6 8
Craft and related trades workers	Female Male	0 0	0 0	0 0	0 0	0 0

Occupational categories	Gender	Employment	Learnerships	Skills programs & other short courses	Other forms of training	Total
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	52	11	4	0	15
	Male	18	5	2	0	7
Gender subtotals	Female	455	11	39	0	50
	Male	400	5	30	0	35
<b>Total</b>		<b>855</b>	<b>16</b>	<b>69</b>	<b>0</b>	<b>85</b>

**TABLE 13.1 – Injury on duty**

Nature of injury on duty
Required basic medical attention only
Temporary total disablement
Permanent disablement
Fatal
<b>Total</b>

**TABLE 14.1 - Report on consultant appointments using appropriated funds**

Project title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Development and Implementation of a Case Management System into Rental Housing Tribunals	4	365	5996970
Determine the Institutional Arrangement for a Human Settlements Development Finance Entity and to Project Manage the Establishment thereof	6	365	4149600
Programme Management and other ancillary services for the Implementation of the Rural Household Infrastructure Programme	37	365	41654553
Provision of Support for the Implementation of the Post 1994 Bucket Replacement Programme	16	365	10000000
Implementation of Sustainable Sanitation Job Creation Programme in fifty (50) Water Service Authorities	18	365	11485803
Nationwide Sustainability Assessment on Sanitation Facilities provided by the Sector (Water Services Authorities, Departments of Basic education, Human Settlements, Health and Cooperative and Traditional Affairs) and their counterparts in various Municipalities in South Africa	15	365	4000000
Integration and Implementation of Water, Sanitation and Hygiene Programme ( WASH)	12	365	4415996
The review of the White Paper on Basic Household Sanitation	10	365	2000000

Project title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
The guiding and supporting the identified forty [40] municipalities in the implementation of Free Basic Sanitation Implementation Strategy.	15	365	9550900
Implementation of Rural Household Infrastructure Programme, 21 municipalities in 5 provinces - EC, Free State, KZN, Mpumalanga and North West	151	365	82909754
Conducting a household survey for the Impact Assessment Study in the informal settlements upgrading programme: WC, KZN, EC, Mpumalanga	15	365	5356597
The appointment of a Service Provider for the Facilitation of the Turn Around Strategy	13	365	10764602
Progress report on Danida Funded Energy Efficiency Pilot Project for Low Income Housing in N2 Gateway Funded and proposals on the way forward	3	365	995302
The implementation of Rural Household Infrastructure programme in nine [9] rural areas	115	365	11410232
Appointment of a service provider for the Study of the Economic Impact of Government Housing Programmes	10	365	1149006
<b>Total number of projects</b>	<b>Total individual consultants</b>	<b>Total duration: Work days</b>	<b>Total contract value in Rand</b>
<b>15</b>	<b>440</b>	<b>5475</b>	<b>205839315</b>

**TABLE 14.2 – Analysis of consultant appointments using appropriated funds, i.t.o. HDIs**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Development and Implementation of a Case Management System into Rental Housing Tribunals	100	100	4
Determine the Institutional Arrangement for a Human Settlements Development Finance Entity and to Project Manage the Establishment thereof	50	50	3
Programme Management and other ancillary services for the Implementation of the Rural Household Infrastructure Programme	100	100	37
Provision of support for the Implementation of the Post 1994 Bucket Replacement Programme	100	100	16
Implementation of Sustainable Sanitation Job Creation Programme in fifty (50) Water Service Authorities	100	100	18
Nationwide Sustainability Assessment on Sanitation Facilities provided by the Sector (Water Services Authorities, Departments of Basic Education, Human Settlements, Health and Cooperative and Traditional Affairs) and their counterparts in various municipalities in South Africa.	100	100	15

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Integration and Implementation of Water, Sanitation and Hygiene Programme (WASH)	100	100	12
The review of the White Paper on Basic Household Sanitation	100	100	10
The guiding and supporting the identified forty [40] municipalities in the implementation of Free Basic Sanitation Implementation Strategy	100	100	15
Implementation of Rural Household Infrastructure Programme, 21 municipalities in 5 provinces - EC, Free State, KZN, Mpumalanga and North West	Trust	Trust	151
Conducting a household survey for the Impact Assessment Study in the Informal Settlements Upgrading Programme: WC, KZN, EC, Mpumalanga	80	80	13
The appointment of a service provider for the Facilitation of the Turn Around Strategy	70	70	10
Progress report on Danida Funded Energy Efficiency Pilot Project for Low Income Housing in N2 Gateway Funded and proposals on the way forward	30	60	2
The implementation of Rural Household Infrastructure programme in [9] nine rural areas	Trust	Trust	115
Appointment of a service provider for the Study of the Economic Impact of Government Housing Programmes	100	100	10

**TABLE 14.3 – Report on consultant appointments using donor funds**

Project title	Total number of consultants that worked on the project	Duration: Work days	Donor and contract value in Rand
N/A	N/A	N/A	N/A
<b>Total number of projects</b>	<b>Total individual consultants</b>	<b>Total duration: Work days</b>	<b>Total contract value in Rand</b>
N/A	N/A	N/A	N/A

**TABLE 14.4 – Analysis of consultant appointments using donor funds, i.t.o. HDIs**

Project title	% Ownership by HDI groups	% Management by HDI groups	Number of consultants from HDI groups that work on the project
N/A	N/A	N/A	N/A





# OTHER INFORMATION

## 5.1 LIST OF ACRONYMS

ACIP	Accelerated Community Infrastructure Programme
AMCHUD	African Ministers Conference on Housing and Urban Development
APP	Provincial Annual Performance Plans
ASGIS	Accelerated Skills Growth Initiative of South Africa
BBBEE	Broad Based Black Economic Empowerment
BCC	Black Construction Council
BCEA	Basic Conditions of Employment Act
BER	Bureau for Economic Research
BIFSA	Building Industries Federation of South Africa
CIDB	Construction Industry Development Board
CODHI	Community Driven Housing Initiatives
CoGTA	Cooperative Governance and Traditional Affairs
CRO	Community Resource Organisations
CRB	Community Reinvestment Bill
CSIR	The Council for Scientific Industrial Research
D Soc	Department of Social Development
DBA	Database Administrator
DBSA	Development Bank of Southern Africa
DHS	Department of Human Settlements
DM	District Municipality
DOAFF	Department of Agriculture, Forestry and Fisheries
DOT	Department of Transport
DPE	Department of Public Enterprise
DPSA	Department of Public Services and Administration
DPW	Department of Public Works
DSTT	District Sanitation Task Team
EE	Employment Equity
EEA	Employment Equity Act
EIP	Environmental Implementation Plans
EMP	Environmental Management Plans
EMT	Executive Management Team
ENE	Estimates of National Expenditure
ENPAT	Environmental Potential Atlas
FBS	Free Basic Sanitation
FEDUP	Federation of the Urban Poor (see also SDI)
FLISP	Finance Linked Individual Subsidy Programme
FMS	Financial Management System
FOSAD	Forum of South African Directors-General
GBG	Great Basin Gold
GDP	Gross Domestic Product
GDS	Growth and Development Strategy
GIS	Geographical Information System
H&H	Health and Hygiene
HDA	Housing Development Agency

HDRG	Housing Disaster Relief Grant
HLAMDA	Home Loan and Mortgage Disclosure Act
HLGC	Home Loan Guarantee Company
HSS	Housing Subsidy System
HSDG	Human Settlement Development Grant
HUIS	Housing and Urbanisation Information System
IRDP	Integrated Residential Development Programme
IBSA	India Brazil South Africa Dialogue Forum
IDPs	Integrated Development Plans
ITC	Information Technology Committee
KIM	Knowledge & Information Management
LRA	Labour Relations Act
MDG	Millennium Development Goals
MEC	Member of Executive Council
MEIA	Monitoring Evaluation and Impact Assessment
MIG	Municipal Infrastructure Grant
MinMEC	Human Settlements Minister and MECs
MOU	Memorandum of Understanding
MTAS	Municipal Turn Around Strategy
MTEF	Medium Term Expenditure Framework
MYHDP	Multi-Year Housing Development Plans
NAFCOC	National African Chamber of Commerce Construction
NARS	National Archives and Records Service
NCR	National Credit Regulator
NEDLAC	National Economic Development and Labour Council
NHBRC	National Home Builders Registration Council
NHFC	National Housing Finance Corporation
NHSDB	National Housing Subsidy Database
NHTL	National house of Traditional Leaders
NSPU	National Sanitation Programme Unit
NSTT	National Sanitation Task Team
NUM	National Union of Mine Workers
NURCHA	National Urban Reconstruction and Housing Agency
NUSP	National Upgrading Support Programme
NYDA	National Youth Development Agency
PALAMA	Public Administration Leadership and Management AcademyP&DM - University of Witwatersrand (Wits) Graduate School of Public Development
PDOHS	Provincial Department of Human Settlements
PFMA	Public Finance Management Act
PHB	Professional Housing Body
PDHS	Provincial Department of Human Settlements
PHP	People's Housing Process
PHPT	People's Housing Partnership Trust
PMDS	Performance Management and Development System
PPC	President's Coordinating Council (focusing specifically on Human Settlements)
PSTT	Provincial Sanitation Task Team
PwC	PricewaterhouseCoopers
RHIP	Rural Household Infrastructure Programme
RHLF	Rural Housing Loan Fund
RHT	Rental Housing Tribunal

RHTQM	Rental Housing Tribunal Quarterly Meeting
RZ	Restructuring Zones
SACN	SA Cities Network
SAAHI	South Africa Angola Housing Initiative
SACTSP	The South African Cuban Technical Support Programme
SAFCEC	South African Civil Engineering Council
SAHT	South African Housing Trust
SALGA	South African Local Government Association
SAPOA	South African Property Owners Association
SAQA	South African Qualifications Authority
SCN	System Control Network
SDI	Shack Dwellers International (also see FEDUP)
SGB	School Governing Body
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
SITA	State Information and Technology Agency
SIU	Special Investigating Unit
SLA	Service Level Agreements
SMME	Small Medium and Macro Enterprises
Stats SA	Statistics South Africa
STRAT MAN	Strategic Management Committee
SHSBTT	Sustainable Human Settlements and Basic Services Task Team
TRC	Truth and Reconciliation Commission
UISP	Upgrading of Informal Settlements Programme
USDG	Urban Settlements Development Grant
WASH	Water Sanitation and Hygiene
WiHS	Women in Human Settlement
WSA	Water Services Authority
WSDP	Water Services Development Plan
YiHS	Youth in Human Settlements



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**TABLE 1: Progress Report: Outcome 8 – 1 September to end October 2010**

	Indicators					
	Indicator Name	Baseline	Target	Actual	Data Source	Explanation
Outcome 8: Sustainable Human Settlements and Improved Quality of Household Life	8.1: Increased number of households with access to quality accommodation, basic services, security of tenure coupled with improved access to social services and economic opportunities within reasonable distance		Upgrading of informal settlements: 400 000 households	0		
			Affordable rental housing: 80 000	0		
	8.2: Increased access to private finance for housing development		600 000 financial loans	0		
Output 1: Accelerated delivery of housing opportunities	Indicators					
	Indicator Name	Baseline	Target	Actual	Data Source	Explanation
Sub-output 1.1: Upgrading households in informal settlements with access to secure tenure and basic services	1.1.1: Number of households in informal settlements provided with tenure rights and access to basic services through in situ upgrading and/or relocation.	1.2 million households in 2 629 informal settlements	Target for 2014 – Cumulative target: 400 000	TOTAL: 43 260 sites	Quarterly Provincial Performance Reports, supported by the HSS and MEIA Systems	The delivery reported was in terms of the existing Upgrading of Informal Settlements Programme. Provincial Human Settlements Departments have aligned to Outcome 8 principals. Various interactions have taken place with PHSDs and metros and are planned to ensure that business plans for 2011/2012 are aligned to principles of Outcome 8.
			EC 59 400	10 862		
			FS 26 400	2 000		
			GP 96 800	18 223		
			KZN 76 200	7 279		
			LP 31 200	1 153		
			MP 26 480	0		
			NC 9 320	1 530		
			NW 28 840	1 058		
			WC 45 360	2 212		

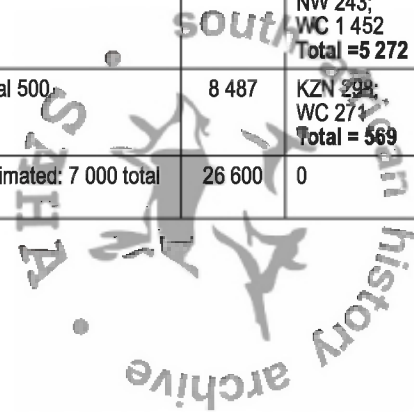


Activities						
Activity name	Milestone	%Completed	Departments	Data source	Explanation	
Activity 1.1.1	Identification and categorisation of informal settlements in all provinces	5	DHS	Quarterly Provincial Performance reports, supported by the HSS and MEIA Systems	Milestones to be initiated in Q1 of the 2011/2012 financial year due to the submission of provincial plans in that quarter	
	9 Confirmed provincial project lists	20				
	Assess existing projects for compliance against delivery agreement target	30				
	Confirm pipeline of new and existing projects	10				
	Planning, land acquisition and service provision to 20000 households					

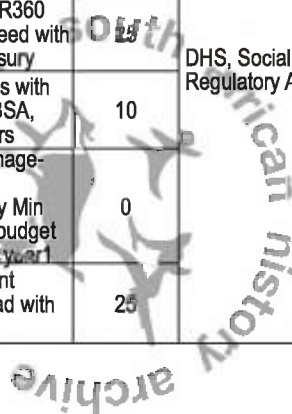
Indicators						
Indicator name	Baseline	Target	Actual	Data source	Explanation	
Sub-output 1.2: Implementation of the National Upgrading Support Programme	1.2.1: Number of municipalities supported by the NUSP		49 Municipalities briefed	40	Bi-annual progress reports to the NDHS, WBI and Cities Alliance	1) Outstanding municipalities to be briefed during Q1 in 2011/2012
	1.2.2: Technical assistance provided to upgrading projects		Technical assistance aligned with project pipeline and programme provided	0		Alignment of technical assistance dependent on agreed Project lists to be produced by provinces and municipalities in Q1 of 2011/2012

Activities						
Activity name	Milestone	%Completed	Departments	Data source	Explanation	
Sub-output 1.2: Implementation of the National Upgrading Support Programme	Activity 1.2.1	49 Municipalities briefed on NUSP	81	DHS	Bi-annual progress reports to the NDHS, WBI and Cities Alliance	1) Outstanding municipalities to be briefed during Q1 in 2011 2) Alignment of technical assistance dependent on agreed Project list to be produced by provinces and municipalities in Q1 of 2011. 3) Provincial NUSP structures dependent on completion of briefings; 4) IT platform operational at <a href="http://www.upgradingsupport.org">www.upgradingsupport.org</a> 5) Capacity Programme design consultant to be appointed Feb 2011, ToRs drawn up and approved by WBI.. 6) Resource Kit in final draft stage; and 7) Preliminary discussions with Johannesburg Metro on technical support.
		2 Provincial NUSP structures established	0			
		IT platform operational	100			
		Capacity-building programme designed and tested	10			
		Resource kit produced and in use	90			
	Activity 1.2.2	Technical assistance provided to municipalities in line with upgrading programme, milestones and targets	5			

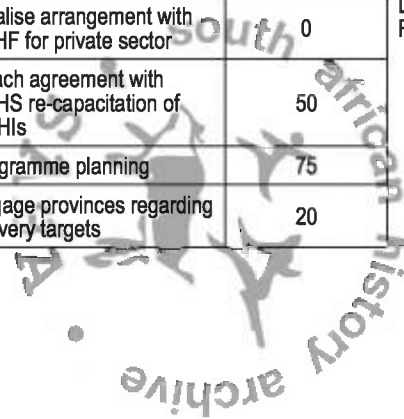
	Activities					
	Activity name	Baseline	Target	Actual	Data source	Explanation
Sub-output 1.3: Delivery of well-located and affordable rental accommodation	1.3.1: Number of social housing units	33 000 units over 12 years	24 312	EC 782; GP 817; KZN 298; WC 450 <b>Total =2 347</b>	Quarterly Provincial/Entity Performance Reports/SHRA	The number of units delivered was in respect of the existing Rental Programmes. Provincial Human Settlements Departments are in the process of aligning current projects and the planning of new projects with the principals of Outcome 8.
	1.3.2: Number of CRU units	Total 1 000	20 000	FS 450; GP 2 669; KZN 190; LP 24; MP 244; NW 243; WC 1 452 <b>Total =5 272</b>		
	1.3.3: Number of Institutional units	Total 500	8 487	KZN 298; WC 271 <b>Total = 569</b>		
	1.3.4: Number of private-sector units	Estimated: 7 000 total	26 600	0		To be ascertained



Activities						
Activity name	Milestone	% Completed	Departments	Data source	Explanation	
Activity 1.3.1: Social Housing	Establish centralised Programme Management Unit (PMU)	40	DHS, Social Housing Regulatory Authority	Quarterly Provincial/Entity Performance Reports	<p>1) Concept document drafted and presented to Technical MinMEC.</p> <p>2) Capital budget for SH only allows for 1 100 units.</p> <p>3) Budget for outer years has improved drastically (by 200%).</p> <p>4) Private-sector engagement to be undertaken in 2011/2012 Q1.</p> <p>5) Negotiations with EC and FS provinces have begun.</p> <p>6) Engagement with NHFC is in progress.</p>	
	2 917 units	80.5				
	SHRA to engage Treasury and NDHS for further funding based on pipeline	75				
	Further request R360 million to be agreed with NDHS and Treasury	25				
	Draft agreements with NHFC, HDA, DBSA, BCSA and donors	10				
	Programme Management Unit approved by MinMEC, including budget of R200 million per year	0				
Start engagement with TUHF to lead with private sector	25					



Activities						
Activity name	Milestone	% Completed	Departments	Data source	Explanation	
Sub-output 1.3: Delivery of well-located and affordable rental accommodation	Activity 1.3.1: Social Housing	Confirm budget for outer years	75	DHS, Social Housing Regulatory Authority	Quarterly Provincial/ Entity Performance Report	7) Engagements have begun with DIGH, AFD, World Bank and Canadians.
		Sign agreements with NHFC, HDA, DBSA, BCSA, donors	0			
		Implement Programme Management Unit	0			
		Finalise arrangement with TUHF for private sector	0			
		Reach agreement with NDHS re-capacitation of a SHIs	50			
		Programme planning	75			
		Engage provinces regarding delivery targets	20			



Activities						
Activity name	Milestone	% Completed	Departments	Data source	Explanation	
Activity 1.3.2: Community Residential Units	Secure Memorandums of understanding with NHFC, HDA, SHRA, provinces and municipalities	25	DHS, Social Housing Regulatory Authority	Quarterly Provincial/ Entity Performance Reports	1) The mandate of SHRA does not make provision for the entity to be involved in the provision of Institutional Subsidy, CRU or Private Rental housing. It is therefore necessary for the NDOHS to initiate a process to review the mandates and roles of SHRA. When this is completed a capacity programme will be implemented to capacitate SHRA to fulfil its new mandate; 2) The target for CRU has been exceeded with 74.9%.	
	Engage private sector, DBSA, other banks, donor funders ect via NHFC to consolidate funding opportunities and typologies	50				
	Establish centralised Programme Management Unit	40				
	3000 units	174.9				
	Engage Treasury and NDHS for more funding based on pipeline	0				
	Determine SHRA involvement and craft agreement	0				
	Draft delivery agreement with NHFC, HDA, DBSA, BCSA, donors	0				

Activities					
Activity name	Milestone	% Completed	Departments	Data source	Explanation
	Confirm Programme Management Unit concept	0			
	Craft CRU Programme (refresh policy and guidelines)	0			
	Confirm budget for outer years	0			
	Agreement with SHRA in place	0			
	Sign agreements with NHFC, HDA, DBSA, donors	0			
	Implement Programme Management Unit	0			
	Finalise arrangements with TUHF for private sector	0			
	Programme planning	0			
	Engage provinces regarding delivery targets	0			



Activities						
Activity name	Milestone	% Completed	Departments	Data source	Explanation	
Activity 1.3.3: Institutional Units	Secure Memorandums of understanding with NHFC, HDA, SHRA, Provinces, and Municipalities	25	DHS, Social Housing Regulatory Authority	Quarterly Provincial/ Entity Performance Reports	<p>1) The mandate of SHRA does not make provision for the entity to be involved in the provision of Institutional Subsidy, CRU or private rental housing. It is therefore necessary for the NDOHS to initiate a process of to review the mandates and roles of SHRA. When this is completed a capacity programme will be implemented to capacitate SHRA to fulfil its new mandate;</p> <p>2) The target for Institutional Subsidies has already been reached.</p>	
	Engage private sector, DBSA, other banks, donor funders, etc via NHFC to consolidate funding opportunities and typologies	0				
	Establish centralised Programme Management Unit	0				
	513 units	110.9				
	Reconfigure Institutional subsidy Programme	0				
	Draft agreements with provinces	0				
	Roadshow	0				
Choose pilots	0					

Activities							
Activity name	Milestone	% Completed	Departments	Data source	Explanation		
Sub-output 1.3: Delivery of well-located and affordable rental accommodation	Activity 1.3.4: Private-Sector Units	Engage private sector, DBSA, other banks, donor funding, etc via NHFC to consolidate funding opportunities and typologies	0	DHS, NHFC		<p>SHRA has entered into formal engagements with the NHFC to put a process of negotiation with other stakeholders in place to secure additional funding and ensure provision of private rental. A formal decision in this regard will have to be taken by the relevant Boards.</p>	
		Establish centralised Programme Management Unit	0				
		Engage TUHF to be central point of entry for private sector	15				
		Determine private sector strategy	0				
		Private sector strategy to be approved by MinMEC	0				
		Craft agreement	0				
		Determine and agree on outputs	0				

Sub-output 1.4: Accreditation of municipalities	Indicators					
	Indicator name	Baseline	Target	Actual	Data source	Explanation
	1.4.1: Municipalities granted Level 1 accreditation	8	27	EC 1; MP 1	Level 1 accreditation compliance certificates	6 Metropolitan municipalities and 2 district municipalities received their Level 2 accreditation certificates on March 4, 2011 from the Minister of Human Settlements
	1.4.2: Municipalities granted Level 2 accreditation		27	6 Metros and 2 district municipalities in Northern Cape		
1.4.3: Municipalities granted Level 3 accreditation		6 Metros	0			

Activity 1.4.1: Level 1	Activities						
	Activity name	Milestone	%Completed	Departments	Data source	Explanation	
	Activity 1.4.1: Level 1	Finalise level one accreditation approval processes		90	DHS, provinces	Level 1 accreditation compliance certificates	The Municipal Capacity and Compliance Panel has been appointed to facilitate and manage the post accreditation process of the 6 accredited metros and 2 district municipalities
		Accreditation compliance panel established and operational		100			
		Support municipalities and provinces with delegation processes and transitional arrangements		100			
		Level 1 compliance certificate of 7 municipalities signed off by the MECs		100			
		Develop and finalise Memorandums of Understanding		60			
7 Municipalities granted level one			100				

Activities						
Activity name	Milestone	% Completed	Departments	Data source	Explanation	
Activity 1.4.2: Level 2	Capacity and compliance assessment of 3 municipalities completed	100	DHS, Provinces	Level 2 accreditation compliance certificates	The Municipal Capacity and Compliance Panel has been appointed to facilitate and manage the post accreditation process of the 6 accredited metros and 2 district municipalities	
	Level two accreditation approved and compliance certificates signed off	100				
	Support municipalities and provinces with delegation processes and transitional arrangements and conclusion of Memorandums of Understanding	80				

Activities						
Activity name	Milestone	% Completed	Departments	Data source	Explanation	
	Manage and facilitate Level 2 delegation process	60				
	Facilitate and manage the implementation of DORA and/or other approved funding mechanisms that would allow for funding certainty to accredited municipalities	60				
	6 metro municipalities granted Level 2 accreditation	100				
	Conduct level two accreditation assessments of four additional municipalities	60				

Activities						
Activity name	Milestone	% Completed	Departments	Data source	Explanation	
Sub-output 1.4: Accreditation of municipalities	Activity 1.4.2: Level 2	Accreditation compliance panel established and operational	80	DHS, Provinces	Level 2 accreditation compliance certificates	Once the accreditation panel is in place, more municipalities will be assessed for accreditation and transitional processes will be fast-tracked
		Funding mechanism to Level 1 and 2 accredited municipality in place	60			
Activity 1.4.3: Level 3	Activity 1.4.3: Level 3	Explore different mechanisms to allow for assignment of housing functions	0	DHS, Provinces	Level 3 accreditation compliance certificates	A process to review the Accreditation Programme and to develop a process of assignment to metropolitan municipalities need to be undertaken as next steps
		Consultation with stakeholders and desktop review	30			

Activities						
Activity name	Milestone	% Completed	Departments	Data source	Explanation	
		Terms of Reference for service provider to review accreditation programme and develop a programme for assignment to metropolitan municipalities	0			
		Appointment of service provider to undertake review of accreditation programme	0			
		Identify and propose amendments to the Housing Act	0			
		Review the municipal accreditation programme	0			

Output 2: Access to basic services	Indicators					
	Indicator name	Baseline	Target	Actual	Data source	Explanation
Sub-output 2.1: Access to water	Indicators					
	Indicator name	Baseline	Target	Actual	Data source	Explanation
	2.1.1: Percentage of households with access to water	92%	100%	95	DWA Quarterly Performance reports/ STATSA/ DCOG	<p>1) The percentage households with access to basic services have increased with regard to water, sanitation, refuse removal and electricity.</p> <p>2) The Task Team on Basic Services has been established and will focus on norms and standards for sanitation, water, electricity and refuse removal.</p> <p>3) PHSDs are in the process of finalising their specific project lists for the 2011/2012 financial year.</p>

Sub-output 2.1: Access to water	Activities					
	Activity name	Milestone	% Completed	Departments	Data source	Explanation
	Activity 2.1.1	Agreement on norms and standards for service delivery on sanitation, water, electricity and refuse removal. Project lists shared with DCOG/ Joint HS and DCOG MinMEC/ Implementation Forum	0	DCOG/ DHS	DWA Quarterly Performance reports/ STATSA/ dc	<p>There is currently no agreement on the definitions to measure the access to basic services and different percentages in terms of progress reported from various role players. It is crucial that this be addressed urgently to obtain a reliable baseline from which the targets can be derived. In addition it is necessary to put a verification process in place to verify whether progress reported is successfully implemented. The NDOHS will engage with the Department of Performance Monitoring and Evaluation in this regard.</p>

	Indicators					
	Indicator name	Baseline	Target	Actual	Data source	Explanation
Sub-output 2.2: Access to sanitation	2.2.1: Percentage of households with access to sanitation	69%	100%	81	Sanitation Quarterly Performance reports. STATSA/ CoGTA	1) The percentage households with access to basic services have increased with regard to water, sanitation, refuse removal and electricity. 2) The Task Team on Basic Services has been established and will focus on norms and standards for sanitation, water, electricity and refuse removal. 3) PHSDs are in the process of finalising their specific project lists for the 2011/2012 financial year.

	Activities					
	Activity name	Milestone	% Complete	Departments	Data source	Explanation
Sub-output 2.2: Access to sanitation	Activity 2.2.1	Agreement on norms and standards for service delivery on sanitation, water, electricity and refuse removal. Project lists shared with DCOG/ Joint HS and DCOG MinMEC/ Implementation Forum	0	DCOG/ DHS	Quarterly Performance reports/ STATSA	There is currently no agreement on the definitions to measure the access to basic services and different percentages in terms of progress are reported from various role players. It is crucial that this be addressed urgently to obtain a reliable baseline from which the targets can be derived. In addition it is necessary to put a verification process in place to verify whether progress reported is successfully implemented. The NDOHS will engage with the Department of Performance Monitoring and Evaluation in this regard.

	Indicators					
	Indicator name	Baseline	Target	Actual (%)	Data source	Explanation
Sub-output 2.3: Access to refuse removal	2.3.1: Percentage of households with access to refuse removal	64%	75%	71.3	Quarterly Performance reports/STATSA/ DCOG	1) The percentage households with access to basic services have increased with regard to water, sanitation, refuse removal and electricity. 2) The Task Team on Basic Services has been established and will focus on norms and standards for sanitation, water, electricity and refuse removal. 3) PHSDs are in the process of finalising their specific project lists for the 2011/12 financial year.

	Activities					
	Activity name	Milestone	% Completed	Departments	Data source	Explanation
	Activity 2.3.1	Agreement on norms and standards for service delivery on sanitation, water, electricity and refuse removal. Project lists shared with DCOG/ Joint HS and DCOG MinMEC/ Implementation Forum	0	DCOG/ DHS	Quarterly Performance reports/STATSA/ DCOG	There is currently no agreement on the definitions to measure the access to basic services and different percentages in terms of progress are reported from various role players. It is crucial that this be addressed urgently to obtain a reliable baseline from which the targets can be derived. In addition it is necessary to put a verification process in place to verify whether progress reported is successfully implemented. The NDOHS will engage with the Department of Performance Monitoring and Evaluation in this regard.



	Indicators					
	Indicator name	Baseline	Target	Actual (%)	Data source	Explanation
Sub-output 2.4: Access to electricity	2.4.1: Percentage of households with access to electricity	81%	92%	83	Quarterly Performance reports DME /STATSA/ DCOG	1) The percentage households with access to basic services have increased with regard to water, sanitation, refuse removal and electricity. 2) The Task Team on Basic Services has been established and will focus on norms and standards for sanitation, water, electricity and refuse removal. 3) PHSDs are in the process of finalising their specific project lists for the 2011/2012 financial year.

	Activities					
	Activity name	Milestone	%Completed	Departments	Data source	Explanation
Sub-output 2.4: Access to electricity	Activity 2.4.1	Agreement on norms and standards for service delivery on sanitation, water, electricity and refuse removal. Project lists shared with DCOG/ Joint HS and DCOG MinMEC/ Implementation Forum	0	DCOG/ DHS	Quarterly Performance reports DME / STATSA / DCOG	There is currently no agreement on the definitions to measure the access to basic services and different percentages in terms of progress reported from various role players. It is crucial that this be addressed urgently to obtain a reliable baseline from which the targets can be derived. In addition it is necessary to put a verification process in place to verify whether progress reported is successfully implemented. The NDOHS will engage with the Department of Performance Monitoring and Evaluation in this regard.
Output 3: Efficient utilisation of land for human settlements development	Indicators					
	Indicator name	Baseline	Target	Actual	Data source	Explanation

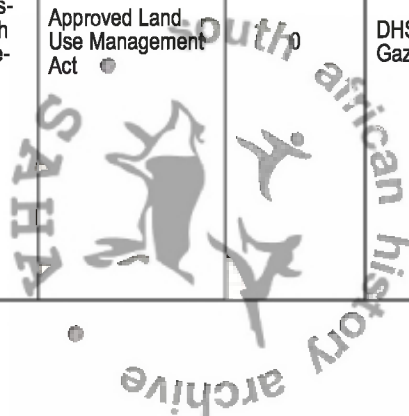
Sub-output 3.1: Release of land vested nationally and provincially for human settlements development	Indicators					
	Indicator name	Baseline	Target	Actual	Data source	Explanation
Sub-output 3.1: Release of land vested nationally and provincially for human settlements development	3.1.1: Hectares of State land (national and provincial) released for human settlement development		6 252	33 000 ha identified and prioritised by the HDA and KZN reported 75ha private land purchased	Quarterly performance reports, HDA and DHS	The HDA continues to identify well-located and suitable additional State-owned land to be prioritised for release for human settlements purposes. The Joint Co-ordinating Technical Committee on the Release of State Land is operational to ensure continued performance. The release of Properties held by SOEs is subject to compensation. The model of compensation is currently being investigated.

	Activities					
	Activity name	Milestone	% Completed	Departments	Data source	Explanation
	Activity 3.1.1	Criteria for identification, acquisition and development of land established	100	DRDLR, HAD, DHS, DPE, DPW	Quarterly performance reports, HDA and DHS	
		Framework of released land established				
		Compiled periodic register of prioritised State land				

Indicators						
	Indicator name	Baseline	Target	Actual	Data source	Explanation
Sub-output 3.2: Increased urban densities	3.2.1: Units/hectare	25 units/ha - the current average on new green fields developments	60 units/ha	EC 25 units (21.5 ha); KZN 75ha; and LP 1 piece	Quarterly performance reports, HDA and DHS reports	East London (21.5ha) as confirmed by HDA. KZN reported 75 ha of private land purchased for Cornubia Ministerial Project, as well as 1 piece of land purchased by LP. Various parcels of land were identified in the Free State for human settlements development, but due to financial constraints the acquisition thereof could not be finalised.

Activities						
	Activity name	Milestone	% Completed	Departments	Data source	Explanation
Sub-output 3.2: Increased urban densities	Activity 3.2.1	Policy framework for density pre-conditions for land release established (especially in 6 metros and 21 large towns)	0	HAD, DHS	DHS, PDHS and HDA	Various housing policies such as the Social Housing Policy, the Project-Linked Policy cater for the development of higher-density residential development, conversion of existing buildings or refurbishment thereof in decent rental accommodation.
Sub-output 3.2: Increased urban densities	Activity 3.2.1	Funding of high density projects with the grant		HAD, DHS	DHS, PDHS and HDA	

	Indicators					
	Indicator name	Baseline	Target	Actual	Data source	Explanation
Sub-output 3.3: Land Use Management (LUM) framework	3.3.1: Land Use Management (LUM) legislation approved and implemented	23 Pieces of legislation dealing with land use management	Approved Land Use Management Act ●		DHS/ Government Gazette	Land Use Management Bill of 2008 was never passed into law as a result of a number of challenges such as the dispute between provincial and local government regarding the authority to approve re-zoning of land and township establishment. The Constitutional Court ruled in 2008, approval of applications for re-zoning and township establishment are elements of "municipal planning". The Development Facilitation Act of 1995 did not repeal many pieces of pre-1994 legislation on planning. In order to provide a uniform, effective, efficient and integrated regulatory framework for spatial planning and land-use management which promotes public interest and provides directive principle and compulsory norms and standards, the Dept of Rural Development and Land Reform submitted the "Spatial planning and Land Use Bill", 2011 to Cabinet requesting approval for consultation purposes. Once approval has been obtained a comprehensive consultation process will be initiated.



Activities						
Activity name	Milestone	% Completed	Departments	Data source	Explanation	
Activity 3.3.1	Human Settlements MinMEC approved policy position/ view regarding LUM	0	DHS, DRDLR		NDOHS was involved in the development process of the relevant Bill. As soon as legislation has been passed, the objectives and aim of the Bill will be incorporated in human settlements policies.	
Output 4: Improved property market						
Indicators						
Indicator name	Baseline	Target	Actual	Data source	Explanation	
Sub-output 4.1: Mortgage insurance guarantee scheme	Indicators					
	Indicator name	Baseline	Target	Actual	Data source	Explanation
4.1.1: Percentage contribution to deliver 600 000 housing finance opportunities	Actual delivery for all provinces for 2008/2009 -Estimated = 800 (value of R5 million)	Develop and implement Mortgage Insurance to contribute 36% towards 600 000 target (215 000) housing finance opportunities	0	HLMDA, Bank Reports, Performance Score Cards of the MI Entity or company	Evaluating process still in progress	

Activities						
	Activity name	Milestone	% Completed	Departments	Data source	Explanation
Sub-output 4.1: Mortgage Insurance Guarantee Scheme	Activity 4.1.1	Obtain NDOHS approval for MDI	100	DOHS, NHFC	NHFC Quarterly Reports	The project is on track, as per project plan. The Technical Advisor to the project has been appointed, and key engagements with the banking council and member banks have commenced. The corporation will continue to engage with other stakeholders to accelerate key decisions which are on the critical path of the project.
		Obtain NHFC Board approval	100			
		Obtain National Treasury approval				
		Consult with stakeholders	20			
		Incorporate an MI entity				
Sub-output 4.1: Mortgage Insurance Guarantee Scheme	Activity 4.1.1	Apply for FSB approval		NDOHS, NHFC	NHFC Quarterly Reports	
		Apply for SARB recognition				
		Complete Target Operating Model (TOM)				
		Launch Business-to-Business Marketing				
		Post-Implementation Review and Growth				

	Indicators					
	Indicator name	Baseline	Target	Actual %	Data source	Explanation
Sub-output 4.2: Revised Finance-linked Individual Subsidy Programme (FLISP) to be responsive to the affordability challenges in the Gap market	4.2.1: Percentage contribution to deliver 600 000 housing opportunities	Actual delivery for all provinces for 2008/9 -Estimated = 800 (value of R5 million)	Percentage contribution towards the financing of 600 000 housing opportunities (to be determined)	0	Revised programme included in Housing Code. Provincial Annual Reports. Performance score cards of the MI Entity.	FLISP is currently under review and the 1st draft Report is completed. Consultations with provinces will commence in July 2011.
	Activities					
	Activity name	Milestone	% Completed	Departments	Data source	Explanation
	Activity: 4.2.1	Streamline FLISP admin process		DHS, NHFC	Revised programme included in Housing Code. Provincial annual reports. Performance score cards of the MI Entity.	FLISP is currently under review and the 1st draft report is completed. Consultations with provinces will commence in July 2011
Reduce the income bands						
Increase the subsidy quantum						
Sub-output 4.3: Policy position regarding the introduction of a long-term fixed interest rate instrument	Indicators					
	Indicator name	Baseline	Target	Actual %	Data source	Explanation
	4.3.1: Policy position on the feasibility of introducing a long-term fixed interest rate instrument	Interest rates predominantly fixed for the short term	Policy position on long-term fixed interest rate instrument implemented	0	NDHS report, Bank data from SARB and individual banks if instrument is implemented	This market intervention is planned for launching 2014, with key dependencies on the success of Mortgage Default Insurance Programme



Activities						
Activity name	Milestone	% Completed	Departments	Data source	Explanation	
Activity 4.3.1		0	DHS, NHFC			
Indicators						
Indicator name	Baseline	Target	Actual	Data source	Explanation	
Sub-output 4.4: Mortgages and non-mortgage loans delivered to the target market						
4.4.1: Number of mortgage loans granted by NHFC		1 929	620	NHFC Quarterly & Annual Reports	Difficult market conditions as they pertain to constrained lending by the commercial banks to the Gap markets, and households indebtedness levels continue to impact on the operations. However, the cooperation will continue to drive the realisation of the solid pipeline and other planned interventions.	
4.4.2: Number of incremental loans granted by NHFC		40 591	1 284	NHFC Quarterly & Annual Reports	Difficult market conditions as they pertain to constrained lending by the commercial banks to the Gap markets, and households indebtedness levels continue to impact on the operations. However, the cooperation will continue to drive the realisation of the solid pipeline and other planned interventions.	
4.4.3: Number of incremental loans granted by RHLF		44 935	33 886	RHLF Quarterly & Annual Reports		
4.4.4: Number of housing units contributed from wholesale funding granted by NHFC		39 332	2 239	NHFC Quarterly & Annual Reports	Difficult market conditions as they pertain to constrained lending by the commercial banks to the Gap markets, and households indebtedness levels continue to impact on the operations. However, the cooperation will continue to drive the realisation of the solid pipeline and other planned interventions.	
4.4.5: Number of housing units leveraged with other funders granted by NHFC		12 837	1 228			
Sub-output 4.4: Mortgages and non-mortgage loans delivered to the target market						

Activities					
Activity name	Milestone	%Completed	Departments	Data source	Explanation
Activity 4.4.1: Mortgages granted by NHFC	902	54	DHS, NHFC	NHFC Quarterly Reports	Difficult market conditions as they pertain to constrained lending by the commercial banks to the Gap markets, and households indebtedness levels continue to impact on the operations. However, the cooperation will continue to drive the realisation of the solid pipeline and other planned interventions.
Activity 4.4.2: Incremental loans granted by NHFC	7 838	12	NHFC		
Activity 4.4.3: Incremental loans granted by RHLF	8 987	45	RHLF	RHLF Quarterly & Annual Reports	The shortfall can be contributed to timing differences in the actual draw-down of funding by the intermediaries
Activity 4.4.4: Wholesale funding by NHFC	5 601	27	NHFC	NHFC Quarterly Reports	Difficult market conditions as they pertain to constrained lending by the commercial banks to the Gap markets, and households indebtedness levels continue to impact on the operations. However, the cooperation will continue to drive the realisation of the solid pipeline and other planned interventions.
Activity 4.4.5: Units leveraged with other funders (NHFC)	3 209	43			

Sub-output 4.5: Loans to facilitate construction finance within the target income/ Gap market granted by (NURCHA)	Indicators					
	Indicator name	Baseline	Target	Actual (%)	Data source	Explanation
Sub-output 4.5: Loans to facilitate construction finance within the target income/ Gap market granted by (NURCHA)	4.5.1: Construction finance loans to property developers in the target market approved	Number of construction finance loans to property developers in the GAP market approved in 2009/2010 is 17	21 Loans to contractors, amounting to 5589 HH in target market. Percentage contribution towards the financing of 600 000 housing opportunities.	5 loans – 682 houses = 0.11%	Provincial annual reports and performance score card of NURCHA	Shortfall result of delayed treasury approval for a funding facility with a private partner to finance programme. Pipeline on programme good. Funding structure still being finalised. Government approved capitalisation of NURCHA for the 2011/2012 financial year to partly finance programme.

	Activities					
	Activity name	Milestone	% Completed	Departments	Data source	Explanation
	Activity 4.5.1	Number of loans provided by NURCHA to property developers is 12 for the construction of 1454 affordable housing units	0.11% of 600 000 units	NURCHA	Provincial Annual Reports and performance score card of NURCHA	Capacity to finance these projects came from repayments on other projects completed. New funding to increase impact still a constraint until the next financial year 2011/2012 when capitalisation from Government flows through.
Sub-output 4.6: Housing finance opportunities contributed by sector stakeholders	Indicators					
	Indicator Name	Baseline	Target	Actual	Data Source	Explanation
	4.6.1: Percentage contribution to deliver 600 000 housing finance opportunities	To be determined	Percentage contribution to deliver 600 000 housing finance opportunities	0	To be determined	

Activities						
Activity name	Milestone	% Completed	Departments	Data source	Explanation	
Activity 4.6.1	Stakeholder engagement with: private sector, parastatals and DPSA regarding employee housing interventions for the target market. Engagement with the financial institutions regarding contribution to financing housing opportunities for the target market	0	DHS	To be determined	<p>DHS and NHFC has initiated compliance processes to obtain approval from National Treasury. A process of engagement with public, private, social, community and labour stakeholders are still to be arranged. It is to be framed to respond to output 1 and 4 of Outcome 8, the post FSC discussions led by National Treasury, the performances as reported in HLMDA, recommendations of the review of the Housing Finance Entities and to ensure that relevant housing finance opportunities are collated and factored into the achievement of this output. There should be a clearer framework for reporting by the various stakeholders related to this target.</p> <p>NDOHS and NHFC has initiated compliance processes to obtain approval from National Treasury.</p>	

TABLE 2: Progress Report – Outcome 8 (1 October to 31 December 2010)

Output and sub-output number	Name	Overall progress of the output/ sub-output (red/amber/green)	Explanation of status (where green) and problems (where red/amber) focusing on key activities	Action taken to resolve blockages	Further action needed to resolve blockages (by whom)
8.1	Accelerated delivery of housing opportunities				
8.1.1	Upgrading households in informal settlements	Accumulative target: 400 000 Annual target: 20 000	The Upgrading of Informal Settlements Programme is an existing Human Settlements Programme. In terms of the actual delivery as reported by Provincial Departments, a total of <b>43 260 serviced sites</b> were delivered up to 31 December 2010. The rate of delivery is higher than the original planned target for the 2010/2011 financial year and represents 10.8% of the total target of 400 000. In addition, 45 256 households were provided with a formal top structure. This was possible because Provincial Departments were already prioritising the UISP Programme and had suitable projects ready for implementation. Projects developed in terms of other approved Human Settlements Programmes also assist households currently residing in informal settlements and therefore contribute towards the realisation of Outcome 8 targets.	The National Department conducted various workshops with PHSDs regarding their business plans for the 2011/2012 financial year to ensure that Outcome 8 targets are addressed. This includes the finalisation of a list of specific projects for each intervention. The Department is in the process of developing a categorisation system for informal settlements in collaboration with the HAD, to amongst other, determine the suitability of location of informal settlements to identify areas with greatest need. This will facilitate clearer planning and service provision. Interaction with COGTA is planned in order to combine efforts from both Departments in this regard in order to finalise this process as soon as possible.	The National Department is in the process to initiate a process to conduct impact studies on specific informal settlements to determine whether the upgrading of the specific informal settlement, whether through in situ upgrading or relocation, improved the lives of the effected households.

Output and sub-output number	Name	Overall progress of the output/ sub-output (red/amber/green)	Explanation of status (where green) and problems (where red/amber) focusing on key activities	Action taken to resolve blockages	Further action needed to resolve blockages (by whom)
			Provincial Human Settlements have aligned their business plans for the 2011/2012 financial year with the principals of Outcome 8		
8.1.2	Implementation of National Upgrading Support Programmeme		<p>The National Upgrading Support Programmeme performed well and nearly 81% of the number of municipalities targeted has been briefed. Outstanding Municipalities will only be briefed in the first quarter of the 2011/2012 financial year as a result of challenges to secure briefing sessions with relevant municipalities in mostly Northern Cape and Mpumalanga</p>	<p>Design consultant has been appointed on 15 February 2011 for the NUSP capacity building programmeme. The IT Platform is fully functional and the resource kit is in the final stage of drafting. The Department has allocated a total amount of R85 million for the implementation of the NUSP Programmeme. However, this allocation comprises R15 million in the 2012/2013 financial year and R70 million in the 2013/2014 financial year. No funds have been allocated for the 2011/2012 financial year. In view thereof that an estimated amount of R19 million is needed for the for 2011/2012 financial year for the management of the NUSP Core Team, Technical assistance to PHSDs, the NUSP Capacity Programmeme and NUSP information sessions, steps have been taken to access such funding from the National Department's budget as well as from the HDA.</p> <p>In addition, the HDA indicated that it can assist with the implementation of the capacity programme which is anticipated to be finalised by the end of June 2011.</p>	<p>Discussions with provinces will be held in Quarter 1 of 2011/2012 financial year regarding the establishment of Provincial NUSP structures. The National Department is exploring the possibility of securing donor funding for the NUSP Programmeme to accelerate implementation</p>

Output and sub-output number	Name	Overall progress of the output/ sub-output (red/amber/green)	Explanation of status (where green) and problems (where red/amber) focusing on key activities	Action taken to resolve blockages	Further action needed to resolve blockages (by whom)
8.1.3	Increased provision of well-located rental accommodation	<p>Accumulative target: 80 000</p> <p>Annual target: 6 430</p>	<p>Good progress has been made by Provincial Human Settlements Departments in the provision of rental housing through the Institutional Housing Subsidy Programme and the Community Residential Units Programme. In the case of the Social Housing 80.5% (2 347 units) and the Institutional Subsidy Programme 110.9% (569 units) of the target has already been reached while the target for the Community Residential Units has been exceeded with 75.7% (5 246 units). The establishment of a centralised Programme Management Unit (PMU) was approved by the Human Settlements Technical MinMEC. The capital budget allocation for SHRA for social housing has been increased to R1.1 billion over a three-year period. This will enable SHRA to provide 9 160 housing units. Engagements with provinces have started.</p>	<p>The mandate of SHRA does not make provision for the entity to be involved in the provision of Institutional Subsidy, Community Residential or Private Rental housing. It is therefore necessary for the National Department to initiate a process to review the mandates and roles of the various entities including SHRA. When this is completed a capacity programme will be implemented to capacitate SHRA to fulfil its new mandate.</p> <p>Access to well-located land is still a challenge and discussions with the HDA to assist in this regard has been initiated. The National Department of Human Settlements in collaboration with the Department of Performance Monitoring and Evaluation identify the need for monitoring and verification capacity to confirm delivery reported.</p>	<p>SHRA has entered into informal engagements with the NHFC to put a process of negotiation with other stakeholders in place to secure additional funding and ensure provision of private rental. A formal decision in this regard will have to be taken by the relevant Boards.</p>

Output and sub-output number	Name	Overall progress of the output/ sub-output (red/amber/green)	Explanation of status (where green) and problems (where red/amber) focusing on key activities	Action taken to resolve blockages	Further action needed to resolve blockages (by whom)
8.2	Access to basic services				
8.2.1	Access to water target: 100%	<b>Actual:</b> Water: 95% Sanitation: 81% Refuse removal: 71% Electricity: 83%	The percentage households with access to basic service have increased with regard to water, sanitation, refuse removal and electricity. The Task Team on Basic Services has been established and will focus on norms and standards for sanitation water, electricity and refuse removal aligned to those of human settlements and the reconciliation of the various progress reporting figures.	Provincial Human Settlements Departments are in the process of finalising their specific project lists for the 2011/2012 financial year. As soon as it has been finalised, sector Departments will be engaged to ensure alignment of objectives.	There is currently no agreement on the definitions to measure the access to basic services and different percentages in terms of progress as reported from various role players. It is crucial that this be addressed urgently to obtain a reliable baseline from which the targets can be derived. In addition it is necessary to put a verification process in place to verify whether progress reported is successfully implemented. The National Department of Human Settlements will engage with the Department of Performance Monitoring and Evaluation in this regard.
8.2.2	Access to sanitation target: 100%				
8.2.3	Access to refuse removal target: 75%				
8.2.4	Access to electricity target: 92%				



Output and sub-output number	Name	Overall progress of the output/ sub-output (red/amber/green)	Explanation of status (where green) and problems (where red/amber) (focusing on key activities)	Action taken to resolve blockages	Further action needed to resolve blockages (by whom)
8.3	Efficient utilisation of land for human settlements development				
8.3.1	Release of land vested nationally and provincially for human settlements development		<p>33 000 Ha of State land has been identified by the HDA and submitted for release by custodian departments. The HDA continues to identify well located and suitable additional State-owned land to be prioritised for release for human settlements purposes</p> <p>The Joint Co-ordinating Technical Committee on the Release of State Land is operation to ensure continued performance</p> <p>The release of Properties held by SOEs is subject to compensation. The model of compensation is currently being investigated</p>	<p>The Departments of Public Works and Rural Development and Land Reform are fast-tracking the release processing of identified State land to the HDA</p> <p>The HDA has also begun with a process of engagement with Provincial Human Settlements Departments to provide capacity to assist with the prioritising of provincially held land.</p> <p>A joint initiative between the DPE, HDA and Transnet is underway to package a proposal for the disposal of Transnet's non-core property assets for human settlements.</p>	<p>Disclosure of the full Asset Register of State Land held by the Department of Public Works to the HDA to expedite the identification of State Land.</p> <p>The HDA to conclude operational arrangements with Provincial Public Works Departments to ensure expeditious release of provincially held land for human settlements.</p>

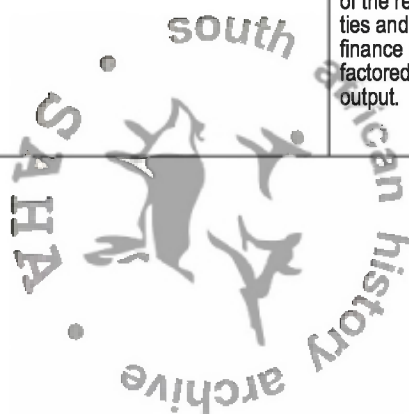
Output and sub-output number	Name	Overall progress of the output/ sub-output (red/amber/green)	Explanation of status (where green) and problems (where red/amber) (focusing on key activities)	Action taken to resolve blockages	Further action needed to resolve blockages (by whom)
8.3.2	Increased urban densities		<p>Various housing policies such as the Social Housing Policy, the Project-linked Policy and the IRDP Policy cater for the development of higher density residential development such as new multi-storey development, conversion of existing buildings in residential units or refurbishment thereof in decent rental accommodation.</p>	<p>Various other studies have been conducted by institutions such as the MPC, the FSC and the National Department of Human Settlements (Economic Impact of Housing Subsidy Programme, research regarding the DFI, revision of the Red Book, former proposal on medium density, etc) which address aspects of Higher density. The National Department of Human Settlements is in the process of coordinating and consolidating this in a policy document that will address the dynamics of the changed Built Environment and provide direction</p>	<p>The first draft of the policy document is already available with proposals on how to address medium and higher densification within a national and city wide context. The relevant proposals will be submitted to Human Settlements MINMEC early in May 2011.</p> <p>It may also be necessary to re-look at objective to provide formal structures and ownership to all households through the Government housing subsidy. It may need to be shifted to the provision of more affordable rental stock. The housing subsidy in its current form can not be afforded by Government and mechanisms will have to be put in place to make the provision of State-subsidised housing more affordable for both Government and the beneficiary.</p> <p>This will also have a positive effect on the provision of housing opportunities near job opportunities and transport corridors.</p>

Output and sub-output number	Name	Overall progress of the output/ sub-output (red/amber/green)	Explanation of status (where green) and problems (where red/amber) (focusing on key activities)	Action taken to resolve blockages	Further action needed to resolve blockages (by whom)
8.3.3	Land Use Management (LUM) Framework		The Land Use Management Bill of 2008 was never passed into law as a result of a number of challenges such as the dispute between provincial and local government regarding the authority to approve re-zoning of land and township establishment. The Constitutional Court ruled in 2008 approval of applications for rezoning and township establishment are elements of "municipal planning".	The Development Facilitation Act of 1995 did not repeal many pieces of pre-1994 legislation on planning. In order to provide an uniform, effective, efficient and integrated regulatory framework for spatial planning and land use management which promotes public interest and provides directive principle and compulsory norms and standards, the Department of Rural Development and Land Reform submitted the "Spatial Planning and Land Use Management Bill", 2011 to Cabinet requesting approval for consultation purposes. Once approval has been obtained a comprehensive consultation process will be initiated.	The National Department of Human Settlements was actively involved in the development process of the relevant Bill. As soon as legislation has been passed, the objectives and aim of the Bill will be incorporated in human settlements policies.

Output and sub-output number	Name	Overall progress of the output/ sub-output (red/amber/green)	Explanation of status (where green) and problems (where red/amber) (focusing on key activities)	Action taken to resolve blockages	Further action needed to resolve blockages (by whom)
8.4	Improved property market				
8.4.1	Mortgage Insurance Guarantee Scheme		Approvals from the NHFC Board and the Shareholders have been attained. Meetings with key stakeholders were initiated, and first round of consultative/advisory forums is completed. All commercial banks have confirmed their interest in supporting the project implementation.	Further engagement with National Treasury planned for during April 2011. Application for FSB approval and SARB recognition to receive attention in the next few months.	Further consultation still has to continue with relevant stakeholders to accelerate key decisions which are critical for the project.

Output and sub-output number	Name	Overall progress of the output/ sub-output (red/amber/green)	Explanation of status (where green) and problems (where red/amber) (focusing on key activities)	Action taken to resolve blockages	Further action needed to resolve blockages (by whom)
8.4	Improved property market				
8.4.2	Revised Financed-linked Individual Subsidy Scheme (FLISP) to be responsive for the affordability challenges in the GAP market		The revision of FLISP is completed and the NHFC will jointly with the National Department start with the consultation process with the PHSDs	Consultative process with the provinces will start in July 2011 to determine possible improvements, priority of Programme and interventions to improve effectiveness	Based on the outcomes of the engagements a proposal for short, medium and long term interventions will be submitted.
8.4.3	Policy position regarding the introduction of a long term fixed interest rate instrument		Market intervention planned for launching in 2014	Dependent on the success of the Mortgage Default Insurance Scheme	Dependent on the success of the Mortgage Default Insurance Scheme
8.4.4	Mortgage and non-mortgage loans delivered to the targeted market		RHLE has performed well and has succeeded in reaching 75.4% of the annual target. Trading conditions for the NHFC were difficult during the quarter, due to constraint lending by commercials to the Gap market has impacted on various projects under development by our customers, and demand for incremental loans is being affected by high levels of household indebtedness.	The NHFC will continue to drive the realisation of committed pipeline and planned interventions. Implement a new commercial business operating model to widen the access to incremental loans by households.	
8.4.5	Loans to facilitate construction finance within the targeted income / Gap market		This can only happen after the relevant planning processes have been finalised and completed.	Programme is prioritised and implemented. The National Department of Human Settlements has earmarked an amount of R350 million in the MTEF period to re-capitalise NURCHA. The resultant effect of this will provide substantial impetus in the achievement of this output.	

Output and sub-output number	Name	Overall progress of the output/ sub-output (red/amber/green)	Explanation of status (where green) and problems (where red/amber) (focusing on key activities)	Action taken to resolve blockages	Further action needed to resolve blockages (by whom)
8.4.6	Housing finance opportunities contributed by sector stakeholders		Engagement with stakeholders still to be arranged	A process of engagement with public, private, social, community and labour stakeholders is still to be arranged. It is to be framed to respond to output 1 and 4 of Outcome 8, the post FSC discussions led by National Treasury, the performances as reported in HLMDA, recommendations of the review of the Housing Finance Entities and to ensure that relevant housing finance opportunities are collated and factored in to the achievement of this output.	



### 5.3.2 Key stakeholders of the Department

#### Provincial Governments

Gauteng, Mpumalanga, Limpopo, North West, Western Cape, Eastern Cape, Northern Cape, KwaZulu-Natal and the Free State.

#### Housing Institutions

Social Housing Foundation (SHF), National Home Builders Registration Council (NHBRC), National Housing Finance Corporation Ltd (NHFC), Housing Development Agency (HDA), National Urban Reconstruction and Housing Agency (NURCHA), The Rural Housing Loan Fund (RHLF).

**Local Government:** All South African municipalities and SALGA

#### Private sector

Construction sector, Building Industries Federation of South Africa (BIFSA), Black Construction Council (BCC), Construction Industry Development Board (CIDB), Financial Sector, Non-traditional lenders, the Association of Micro lenders and The Banking Council, Development Bank of Southern Africa (DBSA), Inter-site, Anglo Platinum, Cities Alliances Network, ABSA, Master Builders South Africa.

#### Governmental stakeholders

National Economic Development and Labour Council (Nedlac), Cooperative Governance and Traditional Affairs (CoGTA), Legal, Portfolio Committee of Housing: National Assembly, Select Committee on Public Services: National Council of Provinces, Clusters of Ministries, Governmental Custodians of Service Standards: Department of Public Services and Administration (DPSA), Department of Land Affairs, Department of Environmental Affairs and Tourism, National Treasury, Department of Minerals and Energy, metros and local municipalities, National Youth Development Agency.

#### The general public

#### Service providers

All research and academic Institutions: The Council for Scientific Industrial Research (CSIR) and the University of Witwatersrand (Wits) Graduate School of Public Development Management (P&DM).

#### Private

- Banking sector
- Developers
- Material suppliers
- Non-Governmental Organisations (NGOs)
- Faith-Based Organisations (FBOs)
- Community-Based Organisations (CBOs)
- Organised Professional Bodies
- Other referrals on: Alternative building technology and materials suppliers such as cement and steel.