

# ANNUAL 2011 2012 REPORT



**human settlements**

Department:  
Human Settlements  
REPUBLIC OF SOUTH AFRICA



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# DEPARTMENT OF HUMAN SETTLEMENTS

Vote 31, Annual Report for the year ended 31 March 2012

RP156/2012  
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**T M G SEXWALE (MP)**

Minister of Human Settlements

I have the honour of submitting the Annual Report of the Department of Human Settlements for the period 1 April 2011 to 31 March 2012.



T W ZULU  
DIRECTOR-GENERAL  
DATE:



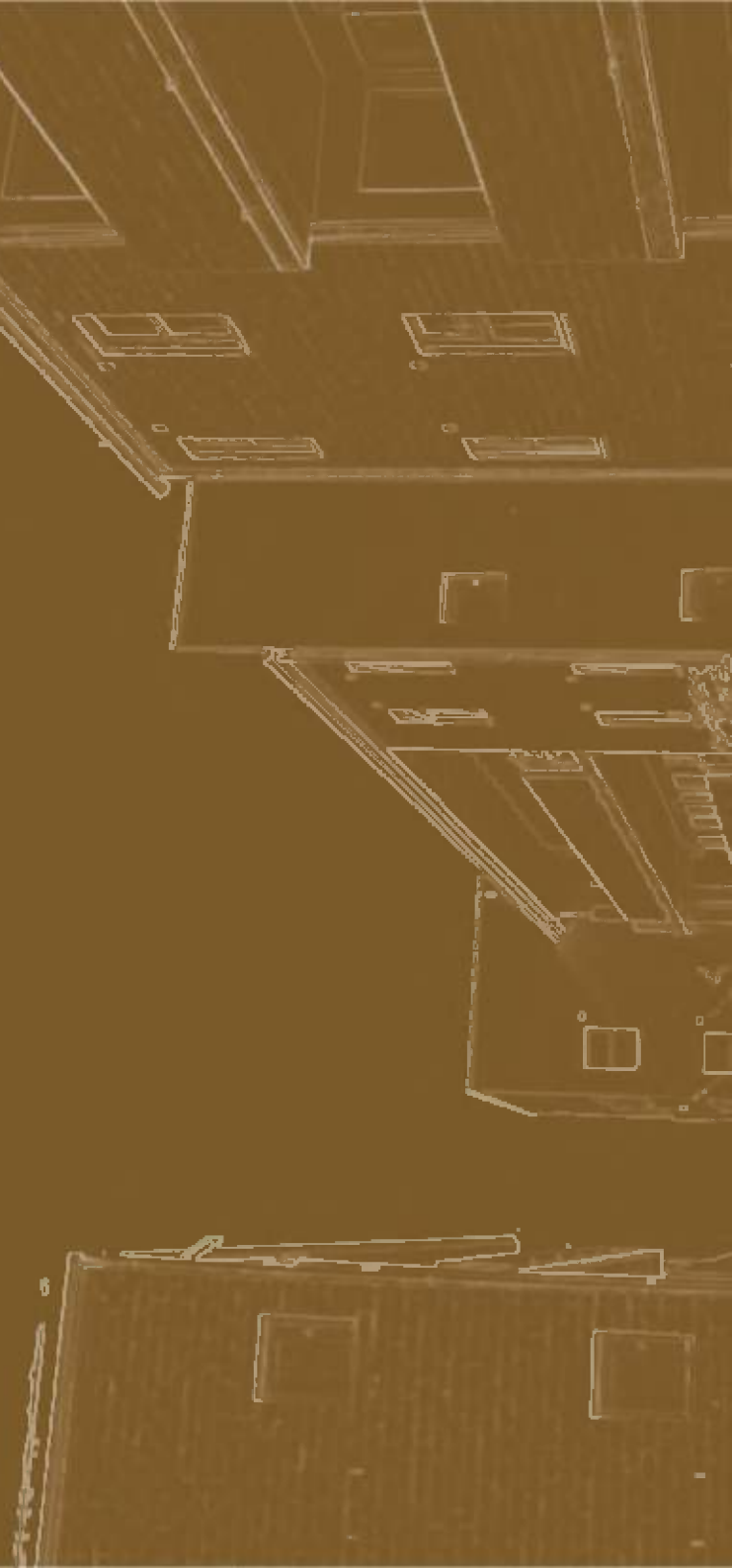
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# PART PONE



# GENERAL INFORMATION

## 1.1 VISION, MISSION AND VALUES

### 1.1.1 Vision

A nation housed in sustainable human settlements.

### 1.1.2 Mission

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

### 1.1.3 Values

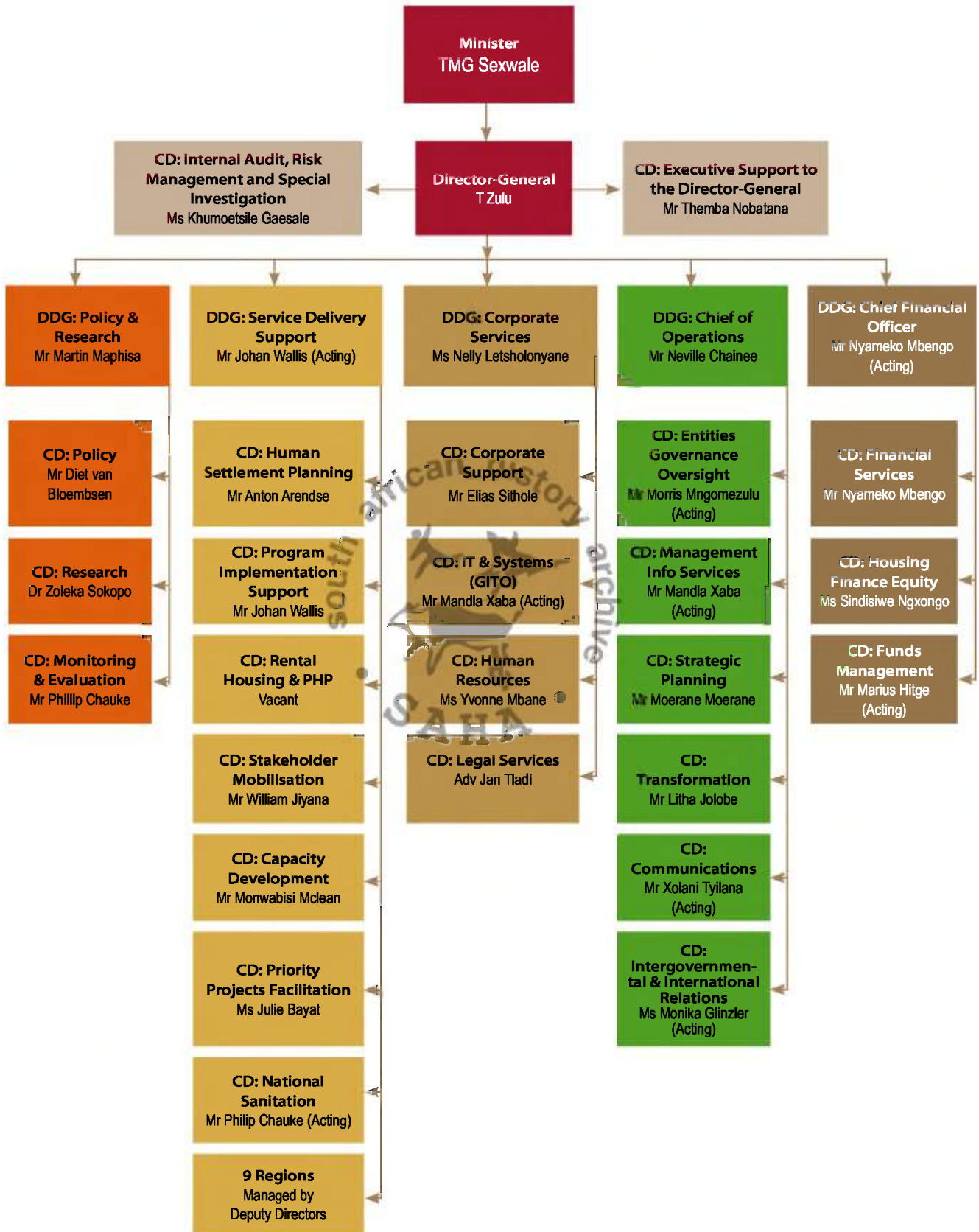
The Department's core values, based on the Constitution, are:

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





## 1.2 ORGANISATIONAL STRUCTURE



## 1.3 LEGISLATIVE MANDATE

The following legislative and policy mandates remained unchanged since the previous financial year:

### Constitution of the Republic of South Africa (Act 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 the limits of 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; Government 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 (Act 107 of 1997)

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

### Comprehensive Plan for the Creation of Sustainable Human Settlements (Breaking New Ground; BNG)

BNG was the blueprint for the Revised Housing Code that was approved by Cabinet in 2004. It reinforces the vision of the Department of Human Settlements 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, including the Presidency (chapter 9 institutions), government departments, the private sector and civil society.

### Housing Consumers Protection Measures Act (Act 19 of 1998)

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

### Housing Development Agency Act (Act 23 of 2008)

In order to fast-track human settlement development, the Act provides for the establishment of a statutory body to:

- Identify land for the development of sustainable human settlements in provinces and municipalities;
- Facilitate the acquisition and holding of land and landed properties;
- Facilitate planning processes; and
- Coordinate funding.

The Department has been monitoring the implementation of the Act and the functioning of the agency continuously since 2009.

## Public Finance Management Act (Act 1 of 1999) as amended by Act 29 of 1999

The Public Finance Management Act (PFMA) provides for the effective management of public funds by public sector officials, including those in public entities. The Act places a greater implementation responsibility on managers and makes them more accountable for their performance. The Department continuously monitors adherence of its housing entities to the Act.

## Social Housing Act (Act 16 of 2008)

This Act provided for the establishment of the Social Housing Regulatory Authority (SHRA). Like other housing entities, the SHRA reports to the Minister of Human Settlements. The Department monitors the delivery of its statutory mandate and provides governance oversight.

## Division of Revenue Act

The Division of Revenue Act (DoRA) enforces the compulsory use of the Housing Subsidy System (HSS) as part of the conditions as gazetted.

## Rental Housing Act (Act 50 of 1999)

This Act replaced the Rent Control Act of 1976 and defines government's responsibilities in respect of rental housing property. It creates mechanisms that promote the provision of rental housing and proper functioning of the rental housing market. In order 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 their functions, powers and duties. The duty of establishing rental housing tribunals resides with the provinces.

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

## Home Loan and Mortgage Disclosure Act (Act 63 of 2000)

The Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions that serve the housing credit needs of communities. It requires financial institutions to disclose information and to identify possible discriminatory lending patterns. The Act and its Regulations have been in operation since 7 July 2007 through a presidential proclamation.

## Inclusionary Housing Bill

The Inclusionary Housing Policy has been completed and a Bill has been drafted. It will be submitted to cabinet for in-principle approval.

## Sectional Titles Schemes Management Bill

The Bill 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

The Bill 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.

## Strategic goals of the Human Settlements Strategy

Against the background of an analysis of trends and emerging challenges in the housing environment, the outcomes of an extensive stakeholder consultative process, and 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 (13 of 2005)

The Act facilitates coordination among the three spheres of government – national, provincial and local – in respect of the implementation of policy and legislation.

## Policy mandates

The policy development mandate of the Minister of Human Settlements stems from the Housing Act (Act 107 of 1997). Section 3 of the Act contains the following provisions:

- National government, acting through the Minister, must, after consultation with every member of the executive council (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 subsection (1) the Minister must determine national policy, including national norms and standards, in respect of housing development.
- In addition, the Housing Act gives the Minister of Human Settlements authority 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.
- The Departmental initiative to publish a Green Paper on Human Settlements is still underway following cabinet's renaming of the Department in 2009 and the adoption of the vision to facilitate the creation of sustainable human settlements and improved quality of household life.

## 1.4 ENTITIES REPORTING TO THE MINISTER

The following are entities which were related to the Department for the financial year under review:

### SERVCON

Servcon Housing Solutions was established in 1995 as a result of a Record of Understanding between the then 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 for a period of eight years, from 1 April 1998 to 31 March 2006, in respect of a documented 'ring-fenced' portfolio of 33 310 properties. The portfolio comprised properties in possession (PIPs) and non-performing loans (NPLs) to the value of R1,277 billion.

In 2006 the shareholders, represented by the Banking Council and the Department of Human Settlements parted ways in terms of a Sale of Shares and Claims Agreement. During 2007, Servcon undertook to assist the provinces through a normalisation and regularisation programme.

Servcon ceased operating in September 2009 and is currently in the process of final closure. The managing director of Servcon is accountable to the executive authority of Human Settlements.

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

The SHF, a section 21 company, was established in 1996 to develop and build capacity for social housing institutions and to 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 social housing sector. In addition, the foundation has been monitoring and evaluating the social housing sector.

The SHF is currently being dissolved. The board of the SHF is accountable to the executive authority of Human Settlements.

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

NURCHA, a section 21 company in terms of the Companies Act (1973), was established as a presidential lead project in 1995 by the South African government in partnership with the Open Society Institute. Its mandate is to ensure a 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 loans to contribute and support the emergence of new, successful, black-owned construction firms.

The board of NURCHA is accountable to the executive authority of Human Settlements.

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

The National Home Builders Registration Council was established in terms of the Housing Consumers Protection Measures Act (Act 95 of 1998). Its mandate is to provide housing consumers with warranty protection against defects in new homes, and to provide protection against 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, the NHBRC 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, remains a critical strategic and operational focus of the council.

The Council of the NHBRC is accountable to the executive authority of Human Settlements.

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

The NHFC was established as a development finance institution following a cabinet decision in May 1996, as envisaged in the White Paper on Housing. The institution is mandated to make housing finance accessible and affordable to low- and middle-income households. It searches for new ways to mobilise 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.

The board of the NHFC is accountable to the executive authority of Human Settlements.

#### **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 operating in July 2009 and was placed under voluntary liquidation on 29 March 2012.

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

The RHLF is a development finance institution established in August 1996 as an association not for gain. The company is mandated to empower low-income households in rural areas to access housing credit. It operates as a wholesale lender and thus attains its mandate by providing loans through retail intermediaries to its target market. The loans are to be utilised for incremental housing purposes.

The board of the RHLF is accountable to the executive authority of Human Settlements.

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

The HDA was established in terms of the Housing Development Agency Act (Act 23 of 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.

The agency is mandated to facilitate the acquisition of land in a way that supplements the capacities of government across all spheres. It also provides project management expertise to 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.

The board of the NHFC is accountable to the executive authority of Human Settlements.

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

The SHRA was established in terms of the Social Housing Act (Act 16 of 2008). The main objective 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.

The council of SHRA is accountable to the executive authority of Human Settlements.

### **1.5 STATEMENT BY THE MINISTER**

The period under review has continued to demonstrate progress in many of our identified key priorities. Significant advances have been recorded in the upgrading of slums, access to basic services, accreditation of key strategic municipalities and land acquisition for human settlements.

#### **FUTURE OUTLOOK**

The focus in the period ahead will be on keeping momentum and producing more tangible results in the work we have started. Accelerating service delivery remains a top priority. Particular prominence will be placed on the following critical areas, amongst others:

- Further consolidation of human settlements instruments. These relate to the new oversight role of the estate agency affairs industry, and operationalising the ombudservice;
- Contributing to the Presidential Infrastructure Coordinating Council (PICC):
  - highlighting the alignment of human settlements in all the nodes;
  - the development of a National Sanitation Master Plan;
  - the framing of the Cost Containment Strategy; and
- More effort being geared towards enhancing public-private partnerships through the Each-One-Settle-One Programme which is being embraced by the corporate sector.

The work that lies ahead remains a daunting challenge. However, we take pride in the commitment to our work and dedication of our staff, including personnel in various human settlements agencies. All are dedicated to providing quality products and quality service to our people.



**T.M.G. SEXWALE (MP)**  
**MINISTER: HUMAN SETTLEMENTS**

## 1.6 OVERVIEW BY THE ACCOUNTING OFFICER

The Departmental operations for the year under review were focussed on implementing Departmental objectives and targets as funded by the national vote for the year 2011/12. The constitutional obligation to provide adequate shelter underlies all the strategies and policies of the Department. The adoption of the Comprehensive Plan for the Development of Sustainable Human Settlements in 2005 marked a conceptual shift away from the mandate of providing a house on poorly located land far from economic activity and social services, to the provision of amenities to support the creation of functional communities, through access to transport, social services and employment opportunities.

### FROM 'HOUSING' TO 'HUMAN SETTLEMENTS'

The principles of human settlement development are outlined by a policy that is responsive to housing demands and the needs of poor households and that provides tenure options in an affordable and fiscally sustainable manner. Through integrated planning and good governance, the human settlements approach advocates optimal land utilisation and stimulates private investment in housing and community development.

### INSTITUTIONAL CHANGES IN THE HOUSING SECTOR

Recognising that the shift to the human settlements model requires an institutional re-organisation 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. The Department assessed twenty municipalities as compliant with the accreditation framework and they will be awarded accreditation certificates.

Progress has also been made in respect of the rationalisation of housing institutions.

### THE OUTCOMES APPROACH

The outcomes approach centred the Department on realising social and economic integration. This was done through informed planning, land identification, project packaging and delivery. The focus was to create a foundation for spatial restructuring and the creation of functional, sustainable communities. Through effective land use, choice of tenure and mixed-income developments, the Department has gone a long way towards entrenching good planning principles in the development of new settlement projects.

The Department contributed direct to sustainable human settlements and the improved quality of household life (Outcome 8). To accelerate the delivery of basic services and housing opportunities, and improving access to the property market, the Department, together with provinces and municipalities, focussed on the following outputs over the medium term:

- Upgrading 400 000 housing units in informal settlements (Outcome 1);
- Improving access to basic services by providing universal access to sanitation (Outcome 2);
- Facilitating the provision of 80 000 affordable social and rental housing units in well-located areas;
- Facilitating the provision of improved housing finance opportunities for 600 000 households in the gap market (people earning between R3 500 and R12 800 (Outcome 3); and
- Releasing 6 250 hectares of public owned land for housing development.

### UPGRADING INFORMAL SETTLEMENTS

Interprovincial migration and urbanisation created pressure points and areas of stress as citizens searched for economic opportunities amidst the current low employment rate. This put metropolitan municipalities under pressure in respect of the growth of informal settlements and the emergence of new informal settlements. Efforts were focussed on strengthening municipal planning to address the upgrading of informal settlements.

The Urban Settlements Development Grant for cities enabled metropolitan municipalities to improve efficiency, maximise their development outcomes and coordinate their approach to managing the built environment. With greater flexibility to accelerate service delivery, the grant sought to supplement the capital budgets of large cities to ensure integrated national, provincial and municipal planning in support of the creation of sustainable human settlements and improved quality of household life. The programme for upgrading informal settlements nationwide gave technical and planning support to municipalities in the execution of informal settlement upgrading. To complement the upgrading programme, MINMEC resolved to establish a National Rectification Programme for implementation during the 2012/13 financial year.

#### **STRENGTHENING COLLABORATION IN THE SECTOR AND BUILDING RELATIONS WITH OVERSIGHT INSTITUTIONS**

The Department played a critical role in providing technical knowledge and policy advice to the government cluster system. This resulted in synergy being achieved in policy interpretation, collective planning and management of the delivery value chain towards spatial restructuring and economic integration.

The dynamic relationship and oversight leadership provided by parliamentary committees gave further impetus to the process.

Integrated management efforts resulted in the unqualified audit report that placed the Department on a firm footing to improve systems and to factor recommendations in the next financial year. This report creates the firm ground on which financial performance can be built in 2012/2013.





# PART TWO



# INFORMATION ON PREDETERMINED OBJECTIVES

## 2.1 OVERALL PERFORMANCE

### 2.1.1 Voted funds, per programme

Table 1: Voted funds, per programme

Programme	Main appropriation (R'000)	Adjusted appropriation (R'000)	Actual amount spent (R'000)	Over-/under-expenditure (R'000)
1. Administration	232 435	222 111	166 237	55 874
2. Housing Policy, Research and Monitoring	39 215	39 442	32 866	6 576
3. Housing Planning and Delivery Support	156 163	200 741	186 733	14 008
4. Housing Development Finance	21 356 147	22 196 769	22 105 262	91 507
5. Strategic Relations and Governance	155 515	166 478	105 064	61 414
<b>Total</b>	<b>22 578 495</b>	<b>22 825 541</b>	<b>22 596 162</b>	<b>229 379</b>
Responsible minister	Minister of Human Settlements			
Administering department	Department of Human Settlements			
Accounting officer	Director-General of Human Settlements			

### 2.1.2 Aim of vote

The aim of the Department of Human Settlements is to determine, finance, promote, coordinate, communicate and monitor the implementation of housing and sanitation policies and programmes.

### 2.1.3 Strategic outcome-oriented goals of the Department

Since its establishment, the Department of Human Settlements has attempted to capture the mandate to build functioning communities and respond to national dynamics/challenges by drafting a human settlements strategy aimed at creating sustainable human settlements and improving the quality of household life.

After the national and provincial elections in 2009, government adopted a Medium Term Strategic Framework (MTSF), which included the 'building directly cohesive and sustainable communities' as a priority. This informs the strategic objective of the department. The adoption of Outcome 8 as the development goal the Department must achieve, builds on the priority set in the MTSF.

The Department's strategic outcome is 'Sustainable human settlements and improved quality of household life'. The Department's strategic outcome-oriented goals, referred to as outputs of Outcome 8 elsewhere in the Department's Strategic Plan, are listed in table 2.

**Table 2: Strategic outcome-oriented goals**

Strategic outcome-oriented goal 1: Accelerated delivery of housing opportunities	
Goal statement	<ul style="list-style-type: none"> <li>• Achieving the target of 400 000 households by 2014 and securing some form of land tenure for these families so they have a real asset and access to universal services.</li> <li>• Up-scaling the development of affordable rental housing stock.</li> </ul>
Technical indicator	<ul style="list-style-type: none"> <li>• To upgrade informal settlements and proper services and land tenure to 400 000 households by 2014.</li> <li>• To increase the rate of affordable rental housing delivery to 20 000 units per year towards 2014.</li> <li>• To provide support for the accelerated delivery of 80 000 affordable rental units by 2014.</li> <li>• To develop a comprehensive profile of informal settlements.</li> <li>• To actively participate in and oversee project choice by provinces and municipalities.</li> <li>• To undertake a National Human Settlements Sector Capacity Audit.</li> <li>• To determine and implement incentives for private sector investment in our target market.</li> <li>• To facilitate the implementation of the 'Each-One-Settle-One' campaign.</li> </ul>
Strategic outcome-oriented goal 2: Improve access to basic services	
Goal statement	<p>This outcome is the primary responsibility of the Department of Cooperative Governance and Traditional Affairs, but the Department of Human Settlements will play a supportive role in increasing access to basic services, as follows:</p> <ul style="list-style-type: none"> <li>• Water from 92% to 100%;</li> <li>• Sanitation from 69% to 100%;</li> <li>• Refuse removal from 64% to 75%; and</li> <li>• Electricity from 81% to 92%.</li> </ul>
Technical indicator	<ul style="list-style-type: none"> <li>• To accelerate the provision and upgrading of infrastructure networks to prioritised settlements by 2014 through the establishment of a consolidated infrastructure (community and bulk) funding.</li> <li>• To facilitate stronger alignment between the MIG and human settlements development.</li> </ul>
Strategic outcome-oriented goal 3: More efficient land utilisation	
Goal statement	<ul style="list-style-type: none"> <li>• Achieving more efficient land utilisation to enhance urban agglomeration and improve access to social amenities and job opportunities. Urban sprawl and low densities contribute to unproductive and inefficient cities as poor households remain marginalised by distance and transportation costs. The lack of agglomeration in many urban centres undermines economic development and efficiency.</li> <li>• Releasing well-located land and properties owned and held by the state in the national sphere of government for the purpose of housing and human settlements development.</li> </ul>
Technical indicator	<ul style="list-style-type: none"> <li>• To assemble and acquire 6 250 hectares of well-located state-owned land for low-income and affordable housing.</li> <li>• To determine and oversee implementation of higher densities.</li> <li>• To determine and oversee implementation of higher densities.</li> <li>• To acquire tribunal land.</li> </ul>
Strategic outcome oriented goal 4: Improved property market	
Goal statement	<p>Facilitating, with the private sector, related dfi's and spheres of government, improved financing of 600 000 housing opportunities in the gap market for people earning between R3 500 and R12 800.</p>
Technical indicator	<ul style="list-style-type: none"> <li>• To establish a Mortgage Default Insurance Programme to accommodate people whose salaries are too high to get government subsidies, but who earn too little to qualify for a normal bank mortgage.</li> <li>• To supply affordable housing finance to 600 000 households.</li> </ul>

The adoption of outcome-based performance has enabled the Department to focus on and prioritise key development areas central to achieving its goals and outcomes. Failures in the recent past have been due to a plethora of outcomes and goals, and limited impact.

Against the background of the current state of overall national development goals it is important for the Department to focus on the key national development strategic outcomes and goals, namely the eradication of poverty and inequality, and the redressing of social and economic underdevelopment.

The Department's strategic objectives stemming from government's outcome-based approach and, more specifically, from Outcome 8, are listed in table 3.

**Table 3: Strategic objectives, per programme**

Strategic objective 1: Administration	Provide strategic leadership and administrative and management support services to the Department.
Statement of objective	Providing corporate governance services to the core business of the Department.
Baseline	One hundred per cent corporate support was provided towards the smooth running of the Department.
Strategic objective 2: Housing Policy, Research and Monitoring	<ul style="list-style-type: none"> <li>• Develop and promote human settlement and housing policies supported by a responsive research agenda.</li> <li>• Monitor and assess the implementation, performance and impact of national housing policies and programmes.</li> </ul>
Statement of objective	Undertaking appropriate research to inform policy development and oversight.
Baseline	Approved policies, research, monitoring and evaluation reports to give direction to planning and decision making.
Strategic objective 3: Housing Planning and Delivery Support	<ul style="list-style-type: none"> <li>• Support implementation and delivery, build capacity, and liaise and communicate with stakeholders towards achieving effective housing and human settlement programmes.</li> <li>• Coordinate and monitor the implementation of priority projects and the sanitation programme.</li> </ul>
Statement of objective	Providing the necessary and appropriate support to the three tiers of government to enhance service delivery, especially towards the eradication of informal settlements.
Baseline	Implemented capacity building programmes.
Strategic objective 4: Housing Development Finance	<ul style="list-style-type: none"> <li>• Fund housing and human settlement development programmes.</li> <li>• Provide financial and grant management services.</li> <li>• Promote investment in housing finance.</li> <li>• Mobilise and promote financial probity within housing institutions.</li> <li>• Manage all matters provided for by the Home Loan and Mortgage Disclosure Act (2000).</li> </ul>
Statement of objective	Providing funding for housing and human settlement development programmes, financial and grant management services to promote investment in housing finance, and managing all matters provided for by the Home Loan and Mortgage Disclosure Act (2000).
Baseline	Conditional grant and provincial transfers.
Strategic objective 5: Strategic Relations and Governance	<ul style="list-style-type: none"> <li>• Coordinate the Department's mandate within the intergovernmental relations framework.</li> <li>• Manage international relations and promote good governance practices in the Department and its public entities.</li> <li>• Provide timely and integrated business information to the Department.</li> </ul>
Statement of objective	Coordinating the Department's mandate within the intergovernmental relations framework to promote good governance practices within the Department and its public entities.
Baseline	Well-coordinated departmental, intergovernmental and international relations and an approved governance programme for departmental public entities.

## 2.1.4 Overview of the service delivery environment during 2011/12

The global economic recovery remained subdued as the developed world continued to struggle with economic recovery after the economic recession of 2009 triggered by the collapse of the sub-prime housing market in the United States.

Global output is expected to grow by 3,8% in 2011 and slightly decline to 3,3% in 2012. Developed economies are forecast to grow by 1,6% in 2011 and decline to 1,2% in 2012. However, emerging and developing economies are expected to grow by 6,2% in 2011 and 5,4% in 2012. Growth in imports for both the developed and the developing world are expected to decline from 4,8% in 2011 to 2,0% in 2012, respectively (IMF, 2012).

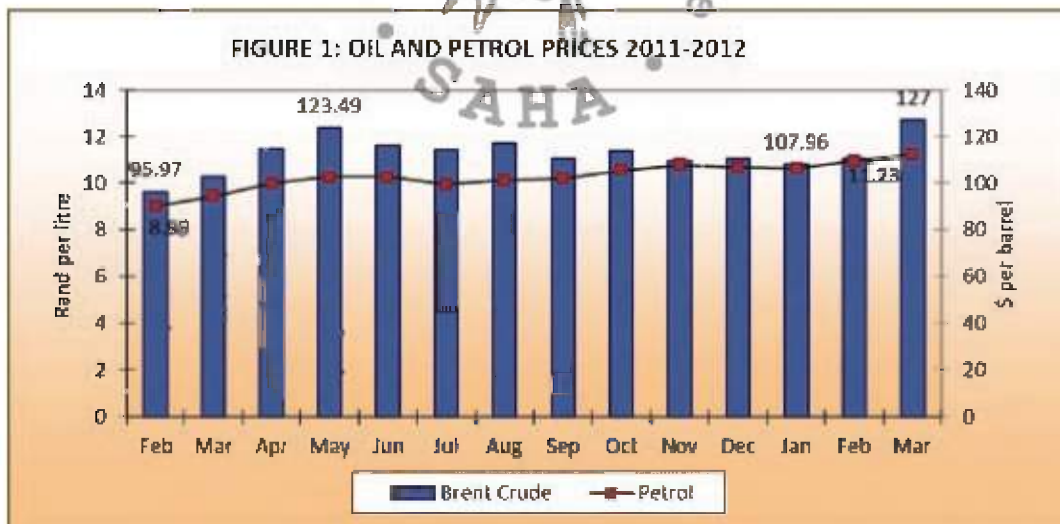
For South Africa specifically, poor economic performance by the developed world, its major trading partner, means that slow demand for exports should be expected, which could potentially reduce employment opportunities and thus increase the number of South Africans who will depend on government for assistance, including housing.

Global financial instability continues to increase risk aversion of financial lenders thereby limiting the potential additional funding required to resolve development challenges in many countries, including South Africa. It also means that the number of people who will receive financial assistance, including mortgages, will be limited.

In South Africa in particular, the majority of the unemployed population and those who earn a limited income continued to rely on government for assistance.

### 2.1.4.1 Developments in energy prices

Unrest in oil-producing countries and other developments in the global arena, including sanctions against Iran, continued to exert upward pressure in the global energy market. After the oil price had declined from \$123,49 a barrel in May 2011 to \$107 a barrel in January 2012, it sharply increased to the new high of \$127 a barrel in March 2012. Petrol prices followed suit and increased to a new high of R11,23 per litre (Department of Energy, 2012). (See figure 1.) The increase in the petrol price between May and November 2011 despite the decline in the oil price could be attributed to a weaker rand that failed to cushion the country against imported inflation.



Source: Department of Energy, March 2012

Increasing energy prices have a direct impact on transportation costs and, ultimately, on the overall cost of production, including housing development.

#### 2.1.4.2 Inflation movements and their impact

From November 2011 to January 2012, the overall consumer price inflation (CPI) continued to increase beyond the target inflation range of 3% to 6%. This raised expectations that the Reserve Bank would increase interest rates as a measure to contain increasing inflation. The weaker rand, together with increased food, energy and transport costs, contributed to rising inflation. An upward trend in inflation generally means that households' disposable income is eroded at a faster pace, thereby reducing the standard of living since the same level of income continuously affords fewer goods.

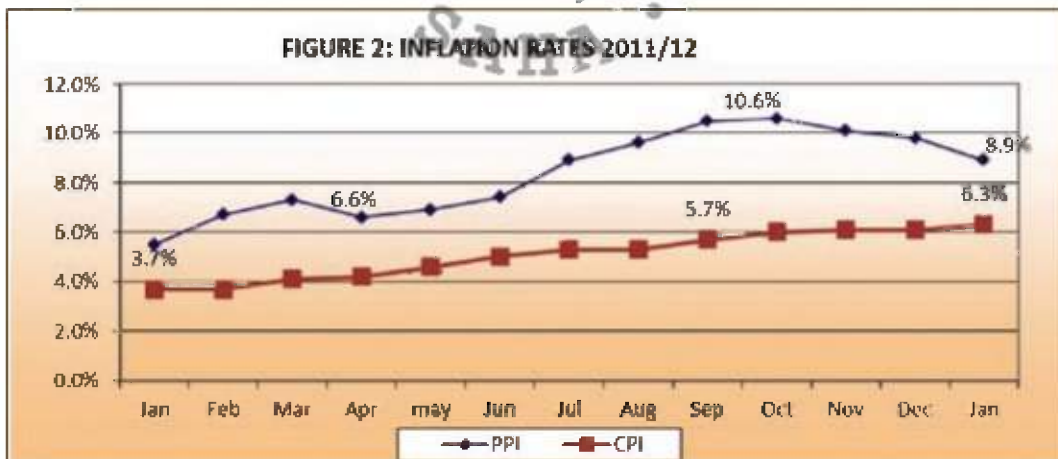
Producer price inflation (PPI) reached its peak in October 2011 and started declining from 10,6% to 8,9% in January 2012 (see figure 2). Developments in the PPI as a lead indicator for inflation suggest that there is a possibility for the rate of growth of overall inflation to decline again in the near future.

In respect of the housing sector specifically, an increase in the petrol price means that transportation costs for the building industry and, ultimately, the price of building materials and labour are expected to increase. This, in turn, will deplete capital investments in the building industry. The result is that it will cost more to build the same size of house.

The Bureau for Economic Research (BER) reported that building costs were accelerating in the fourth quarter of 2011 after declining over the previous two years (-0,9% in 2009 and -0,2% in 2010). In the fourth quarter of 2011 the building cost Index increased by 14,1% following an increase of 6,4% recorded for the second quarter 2011 and 1,2% in the first quarter of 2011. The overall increase in building costs in 2011 was 4,5%. The major driver of building costs was transportation costs. The forecast on building costs suggests a further acceleration of costs to 12,1% in 2012 and 16,3% in 2013 (BER, 2011).

#### 2.1.4.3 Interest rates

After a cumulative 650 basis points interest rate cut since December 2008, the repurchase rate of the South African Reserve Bank has remained unchanged at 5,5%. In response the prime interest rate of commercial banks remained unchanged at 9,0%. This means that the pressure on disposable income for individuals with mortgages and other forms of credit exposure remained unchanged. Considering the inflation outlook, some economists predict that the costs of lending will increase before the end of 2012.



Source: STATSSA, March 2012

#### 2.1.4.4 Economic performance and unemployment

The domestic economy grew by 3,2% in the fourth quarter of 2011 from a growth rate of 1,4% in the third quarter 2011. The nominal GDP at market prices was estimated at R3 trillion at the end of 2011. Although the economy continued to grow during 2011, growth was too limited to make a significant impact on the unemployment level, which remained high at 23,9%. Therefore the majority of South Africans still relied on government for assistance. Despite improved economic performance during the fourth quarter of 2011, the economic outlook remains bleak for various reasons, including expected poor export markets due to the economic challenges experienced in the developed world, and poor prospects of improved consumer spending, as reflected in consumer confidence in the first quarter of 2012.

#### 2.1.4.5 Developments in the building industry

During 2011, it appeared that the building industry was emerging from the recession. The total value of buildings completed increased by 12% during January 2012, led by non-residential building with 55,7% (R247,7 million) growth, followed by residential building with an increase of 12,4% (R139,1 million). However, additions and alternations to existing structures declined by 14,6% (-R108,7 million) (STATSA, 2012).

#### 2.1.4.6 Developments in the property market

During 2011/12 financial year, the property market continued to reflect conditions of poor economic performance, a struggling consumer sector due to declining values of disposable income owing to inflation and increasing costs of living, as well as limited access to funding due to indebtedness and impaired credit records.

In the affordable segment (houses of size 40 m<sup>2</sup> to 79 m<sup>2</sup> and priced up to R480 000), house prices increased by 2,4% in nominal terms during 2011, compared to the 5,2% increase recorded in 2010. The average value of new houses in middle market segment increased by only 2,2% in 2011 after rising by 7,3% in 2010. Nominal house prices in the luxury segment increased by an average of 1,9% in 2011 compared to the 3,8% increase recorded in 2010. During 2011 it continued to be cheaper to buy an existing house than to have a new house built.

### 2.1.5 Overview of the organisational environment for 2011/12

During the period under review, the Department finalised its turnaround strategy aimed at enabling the Department to:

- Respond effectively to the human settlement conditions in South Africa;
- Building alignment to context, organisational design and structure, Departmental strategy and the outcome-based approach of government;
- Building a developmental performance management system in line with the new strategy and business model;
- Enhancing decision making based on understanding the intended and unintended consequences of policy choices; and
- Systematically addressing issues related to unintended outcomes of previous policies.

The capacity constraints due to the moratorium emanating from the Departmental restructuring, limited office space and funding, had a negative impact on the implementation of operational plans in some business units in the Branch: Housing Policy, Research and Monitoring. The Chief Directorate: Monitoring and Evaluation, for example, could not cover all active projects and had to focus on a sample of active projects in all the provinces. Adequate monitoring and evaluation capacity needs to be established at provincial and local government level. The Chief Directorate: Research achieved all its targets apart from establishing a centre of excellence in human settlements and disseminating research publications.

The Department, through the Branch: Housing Planning and Delivery Support, managed to achieve the majority of its annual targets during the 2011/12 financial year. However, the investigation into the restructuring of the Department and the lack of appropriate and sufficient office space had a negative impact on activities in that

certain positions could not be filled. Consequently, some business units experienced capacity constraints that exacerbated the non-achievement of specific targets. The implementation of the new Departmental structure in April 2012 is not expected to alleviate capacity constraints since not all vacant posts are funded.

The National Upgrading Support Programme (NUSP) gained momentum during the financial year. However, the core team was only appointed late in the year due to stringent procurement requirements. As a result, the NUSP Technical Team could not be appointed during the year under review. These appointments will be effected in 2012/13.

### 2.1.6 Key policy developments and legislative changes

During the 2011/12 financial year the Department successfully revised the Financed Linked Individual Subsidy Programme to align it with current financial market requirements. This programme provides a once-off housing subsidy to qualifying beneficiaries who are able to access mortgage finance from participating financial institutions. The subsidy is applied to reduce the loan amount in order to render the loan repayment instalments affordable. The Programme is also fundamentally important to achieving the targets of government's Outcome 8.

Another important aspect of the ever-changing environment of the national housing policy is the Department's mandate to revisit the Housing Subsidy Scheme and the current implementation strategies. The Department was mandated to investigate the cost of a range of housing products to determine the feasibility of further diversification of the needs-oriented approach and to evaluate whether greater discretion in the application of the housing subsidy scheme and the products to be delivered can be awarded to provincial governments. The results of this project are expected in June 2012.

The following legislative changes occurred during the reporting period under review:

- The Sectional Titles Schemes Management Bill of 2011 was promulgated as Act 8 of 2011. The main purpose of the legislation is to establish bodies corporate and to provide for their powers and functions within sectional title schemes.
- The Community Schemes Ombud Service Bill of 2011 was promulgated as Act 9 of 2011. The main objective of the legislation is to establish the Community Schemes Ombud Service as a national public entity in terms of the Public Finance Management Act (Act 1 of 1999, as amended by Act 29 of 1999) and endowing the Minister of Human Settlements with executive authority and oversight. The underlying objectives of the Community Schemes Ombud Service include:
  - Resolution of disputes within community schemes;
  - Promotion of good administration of community schemes;
  - Providing consumer education and training; and
  - Providing custody and control of schemes' governance documentation.
- The Social Housing Regulations were published after consultation with parliament. The Social Housing Regulations gave effect to the Social Housing Act (Act 16 of 2008).
- Cabinet approved the Rental Housing Amendment Bill for deliberation in parliament. The Bill is still under deliberation and will be passed during the 2012/13 financial year.



## 2.1.7 Departmental revenue, expenditure and other specific topics

### 2.1.7.1 Collection of Departmental revenue

Departmental receipts were projected to amount to R540 000 in 2011/2012. Departmental receipts are mainly derived from the recovery of old debts from previous financial years and commission on insurance.

**Table 4: Departmental receipts**

Type of revenue	2008/09	2009/10	2010/11	2011/12		Deviation from target
	Actual	Actual	Actual	Target	Actual	(%)
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	
Tax revenue	-	-	-	-	-	
Non-tax revenue	320	136	146	215	174	19
Sale of goods and services produced by the Department	74	90	123	163	150	8
Interest, dividends and rent on land	246	46	23	52	24	54
Sale of capital assets (capital revenue)	-	-	-	-	153	0
Financial transactions (recovery of loans and advances)	1 055	612	2 680	325	271	17
<b>TOTAL DEPARTMENTAL RECEIPTS</b>	<b>2 305</b>	<b>748</b>	<b>2 826</b>	<b>540</b>	<b>598</b>	<b>11</b>

## 2.1.8 Departmental expenditure

**Table 5: Departmental expenditure**

Programme	Voted for 2011/12	Roll-overs and adjustments	Virements	Total voted	Actual expenditure	Variance
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
1. Administration	232 435	676	-11 000	222 111	166 237	55 874
2. Housing Policy, Research and Monitoring	39 215	227	-	39 442	32 866	6 576
3. Housing Planning and Delivery Support	156 163	31 848	5 000	193 011	186 733	6 278
4. Housing Development Finance	21 995 147	206 352	-	22 201 499	22 105 262	96 237
5. Strategic Relations and Governance	155 535	7 943	6 000	169 478	105 064	64 414
<b>Total</b>	<b>22 578 495</b>	<b>247 046</b>	<b>-</b>	<b>2 282 541</b>	<b>22 596 162</b>	<b>229 379</b>

#### 2.1.8.1 Programme 1: Administration

Programme 1 was initially allocated R232,4 million for the 2011/12 financial year. This amount was adjusted, as follows:

- Additional funding of R676 000 was provided in the adjustment estimate for make provision for annual salary increases; and
- A virement of R5 million was made to Programme 3: Housing Planning and Delivery Support for the Ministerial Sanitation Task Team.
- A virement of R6 million was made to Programme 5: Strategic Relations and Governance to partially fund the Govan Mbeki Human Settlements Awards 2011/12.

The total adjusted budget of Programme 1 amounted to R222,1 million of which R166,2 million was spent. The variance of R55.8 million arose from the following:

- The Directorate: Special Investigations managed to spend only R25,8 million of its original allocation of R56,1 million which was adjusted to R44,7 million. The underspending came about because of late invoicing by the SIU. The Chief Directorate: Internal Audit, Risk Management and Special Investigation indicated a saving of R18,9 million but only R11,3 million of the saving could be utilised.
- Funds provided for the leasing of additional office accommodation could not be utilised due to a delay in refurbishment of the offices by the owners. This also resulted in funds provided for leasing, cabling of offices, the moving of staff and the acquisition of furniture not being utilised.
- The moratorium on the filling of non-critical posts pending the outcome of the turnaround strategy. This resulted in under-expenditure not only on the compensation budget but also on employee-related costs.

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

The programme was initially allocated R39,2 million for the 2011/12 financial year. This amount was adjusted with additional funding of R227 000 to provide for salary increases. The programme's underspending was due mainly to the non-filling of vacancies in terms of the moratorium on the filling of non-critical vacancies. Another contributing factor was that a research project on the development of a national framework to assess the sustainability of human settlements was not completed as anticipated.

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

The programme's allocation of R156,1 million for the 2011/12 financial year was adjusted with a roll-over of R31,1 million in respect of its sanitation function. Furthermore, additional funding of R713 000 was provided for salary increases.

A R5 million virement was made from Programme 1: Administration to this programme for the appointment of the Ministerial Sanitation Task Team.

The total budget of Programme 3 amounted to R200,7 million of which R186,7 million. Underspending resulted from the moratorium on the filling of non-critical vacancies.

#### 2.1.8.4 Programme 4: Housing Development Funding

The programme was allocated R21,9 billion, of which R14,9 billion was allocated to the Human Settlements Development Grant, R100 million to the Rural Household Infrastructure Grant and R487 million to the Department's entities. In the adjustment estimate, a roll-over of R26 million was allocated for establishing the Rural Households Infrastructure Grant. In the adjustment estimate additional funding of R180 million was provided for the Housing Disaster Relief Grant, while R344 000 was provided for salary increases.

The total budget of Programme 4 amounted to R22,2 billion, of which R22,1 billion was spent. The variance of R91,5 million can be attributed to the following:

- The Rural Household Infrastructure Grant spent R187,3 million of its allocated R257,5 million leaving a balance of R70,2 million. The underspending occurred because the building of toilets during the year under review was delayed. (The service providers were only appointed in October 2010 and had to finish work from the 2010/11 financial year at the beginning of the 2011/12 financial year, which delayed the building of toilets in the 2011/12 financial year.) Other issues that delaying the project included resistance to the implementation model by some municipalities, the non-availability of building materials and difficult ground conditions.
- R3 million provided for the closure of the Social Housing Foundation was not required.
- Underspending on employee compensation arose from the moratorium on filling non-critical vacancies and late appointments in critical positions in the latter part of the financial year.

#### 2.1.8.5 Programme 5: Strategic Relations and Governance

The programme was initially allocated R155,5 million for the 2011/12 financial year. This amount was adjusted with a roll-over amount of R4,3 million for specialised services provided by the State Information Technology Agency, and R3,196 million for the completion of the Department's turnaround strategy. Additional funding of R447 000 was provided for salary increases.

A virement of R6 million was made from Programme 1: Administration to partially fund the Govan Mbeki Human Settlements Awards 2011/12.

The total budget of Programme 5 amounted to R166,4 million, of which R105,4 million was spent. The underspending of R61 million was mainly due to a delay in payments for infrastructure, architectural enhancement and support services for the HSS, the projected expenditure on communications and the non-filling of non-critical vacancies.

The delay in the procurement of computer services is estimated to have resulted in underspending of R32 million. The installation of the virtual private network (VPN), at a cost of about R4 million, was delayed due to non-occupation of additional office space. Only R8,2 million was spent of the adjusted allocation of R43 million for computer services.

#### 2.1.9 Transfer payments

Table 6 lists transfer payments to public entities. (More information on transfers is disclosed in the annual financial statements.)

**Table 6: Transfer payments to public entities**

Institution	Amount transferred (R'000)	Estimated expenditure (R'000)
• Social Housing Regulatory Authority: Operational	19 305	19 305
• Rural Housing Loan Fund	49 500	49 500
• Housing Development Agency	89 100	89 100
• National Urban Reconstruction and Housing Agency	100 000	100 000
• Social Housing Regulatory Authority: Capital Restructuring Grant	226 169	226 169
<b>Total</b>	<b>484 074</b>	<b>484 074</b>

## 2.1.10 Public entities

The key performance highlights of human settlements entities for the 2011/12 financial year are given below.

### 2.1.10.1 National Urban Reconstruction Agency (NURCHA)

The 2011/2012 financial year saw an improvement from the previous year's results despite subdued conditions in the residential market. NURCHA made significant strides in the 2011/12 financial year in driving two strategic thrusts, namely aligning the organisational focus to contribute effectively to Outcome 8 targets and restoring sustainability to NURCHA's business. This included growing the affordable housing programme to be a catalyst in the gap housing market, establishing new financing partnerships and collaborating with provincial departments on fund and programme management services.

With regard to outlining the organisational focus to contribute effectively to Outcome 8 targets through affordable housing, the NURCHA signed loans amounting to R279 million in one year (achieving the R1 billion mark for loans issued since inception), which resulted in the creation of 26 980 affordable housing units. The entity also managed to leverage R292 million from new funding partners.

NURCHA achieved significant growth in gap market funding. Sixty per cent (2 246 units) of NURCHA's affordable housing portfolio is now in the gap market while 32% is affordable housing and sectional title units make up 8% of the loan book. The entity intends to intensify its financing operations within the sectional title environment in the next financial year.

### 2.1.10.2 Rural Housing Loan Fund (RHLF)

During the period under review, the RHLF continued to perform within its mandate by concentrating its efforts in rural areas, with 82,3% of its total loans awarded in the rural areas, against a target of 80%. It is evident from the reported performance of the RHLF that the lower end of the credit market remains significantly indebted.

The entity also managed to curb leakage, and ensured that 89,6% of the total loans awarded were used for housing purposes, against a target of 80%. Of the 47 043 loans awarded, 4% was used for building new houses, 12% was used for extensions, 71% was used for home improvements and 3% was used for services.

### 2.1.10.3 Housing Development Agency (HDA)

In the 2011/12 financial year the HDA identified 35 219 hectares of state and state-owned enterprise (SOE) land to be released for the establishment of human settlements. A total of 13 598 hectares were formally submitted for release from custodian departments, the approval of which is pending.

During the period under review the HDA provided project support services, PHDA framework development and capacity building support for 42 projects initiated by national departments, provincial departments and municipalities.

### 2.1.10.4 Social Housing Regulatory Authority (SHRA)

The SHRA is now fully established and operational, albeit in its first year of existence. Performance highlights for the 2011/12 financial year include the appointment of the council and the establishment of council committees, the establishment and operationalisation of the office and the approval of funding for 4 127 rental units.

During its first full year of operation, the entity approved four and conditionally approved fourteen applications for institutional accreditation. Eighteen institutional grants were approved.

Agreements were signed with the following strategic partners: NHFC, NURCHA, KwaZulu-Natal, Eastern Cape and the North West provincial department of human settlements. During the year under review, the entity participated with the Department in terms of the Dutch/SA Memorandum of Agreement (MoA).

The SHRA engaged the co-op sector in collaboration with the Department. The Regulations for Social Housing as envisaged in the Social Housing Act were finalised.

#### 2.1.10.5 National Home Builders Registration Council (NHBRC)

During the 2011/2012 financial year the NHBRC hosted the International Housing and Home Warranty Conference (IHHWC) from 25 to 28 September 2011. The conference provided useful insight into international practice and articulated shared challenges and new advances in the home building industry.

The council is currently reviewing the Housing Consumers Protection Measures Act (Act 19 of 1998) to address any misalignment with other legislative prescripts, such as the Public Finance Management Act and the Consumer Protection Act (Act 68 of 2008), and their potential impact on the council's business.

NHBRC registered 2 686 new home builders during the 2011/12 financial year. New registrations of home builders dropped by 26% compared to the previous financial year owing to home builders' failure to meet the minimum technical and financial requirements and the negative impact of the worldwide recession on the construction industry. In total, 37 671 homes were enrolled against 33 171 during the 2011/12 financial year, which is 14% above budget. However, the NHBRC is still facing challenges in respect of the timely enrolment of projects in a number of provincial departments of human settlements.

The NHBRC embarked on a strategy to ensure that all units constructed in the country are inspected and that all PHP projects and rural projects are inspected by the NHBRC whether enrolled or not. This is done to mitigate the risk of future rectification by government.

#### 2.1.10.6 National Housing Finance Corporation (NHFC)

The 2011/12 financial year was characterised by the success of leveraging initiatives and partnerships with the private sector. The NHFC succeeded in leveraging R2 billion which, together with disbursements of R664 million, contributed to the annual budget of the overall funding impact being exceeded by 32%. During the year 11 682 housing opportunities were created against a budgeted 16 684. The corporation achieved 80% of the value of approvals budget of R1 billion. Future prospects remain robust and of note are the different structures, for example applicants whose assets are mostly held in trusts.

The Corporate Plan for the Mortgage Default Insurance Company was approved by the board. The key focus is now on completing the application to the Financial Services Board for an insurance licence.

Engagement with individual lenders, as well as at industry level through the Banking Association of South Africa, continues. Teams comprising representatives of various lenders were established to consider product profiles, pricing and business processes. Discussions are also underway towards the planned pilot of the MDIC with one of the banks.

Engagement with National Treasury on R1 billion government guarantees, and the R150 million capitalisation of the MDIC, has commenced.

### 2.1.11 Conditional grants and earmarked funds

Three conditional grants administered under programme 4, namely the Human Settlements Development Grant, the Urban Settlements Development Grant and the Housing Disaster Relief Grant.

#### 2.1.11.1 Human Settlements Development Grant (HSDG)

The purpose of the grant is to provide funding for the creation of sustainable human settlements.

**Table 7: Expenditure as at 31 March 2012: Human Settlements Development Grant**

Province	DoRA allocation 2011/12 (R'000)	Adjustments and provincial roll-overs (R'000)	Total available to provinces (R'000)	Financial year 1 April 2011 to 31 March 2012				
				Funds transferred (R'000)	Spent by provinces (R'000)	Variance: spent vs. total available (R'000)	Funds spent as percentage of total available %	Under expenditure as percentage of total available %
Eastern Cape	2 177 676	133 829	2 311 505	2 177 676	1 897 076	414 429	82	19
Free State	913 907		913 907	913 907	903 431	10 476	99	1
Gauteng	3 804 611		3 804 611	3 804 611	3 786 015	18 596	100	0
KwaZulu-Natal	2 769 871		2 769 871	2 769 871	2 769 872	(1)	100	0
Limpopo	1 398 914	111 580	1 510 494	1 398 914	1 259 394	251 100	83	18
Mpumalanga	916 677		916 677	916 677	916 673	4	100	0
Northern Cape	322 639		322 639	322 639	322 617	22	100	0
North West	998 376	150 834	1 148 710	998 376	1 148 708	2	100	0
Western Cape	1 638 845		1 638 845	1 638 845	1 635 001	3 844	100	0
<b>TOTAL</b>	<b>14 941 516</b>	<b>395 743</b>	<b>15 337 259</b>	<b>14 941 516</b>	<b>14 638 787</b>	<b>302 729</b>	<b>98</b>	<b>2</b>

All funds (R14,9 billion) appropriated in the Department's budget for the grant was transferred to the provinces. Roll-overs for the Eastern Cape, Limpopo and North West provincial human settlements departments were approved by their respective provincial treasuries. R14,6 billion was spent, representing 98% of the total allocation available to provinces.

Six provinces managed to spend all the funds available, while Free State managed to spend 99% of the available allocation.

Eastern Cape managed to spend 82% of funds available. Underspending can be attributed mainly to poor performance by contractors inter alia owing to:

- Shortage of materials;
- Lack of capacity;
- Cash flow problems;
- Difficult terrain;
- Beneficiary administration issues;
- Slow procurement processes; and
- Slow snagging by contractors.

Limpopo managed to spend 83% of total funds available. Underspending is mainly attributed to:

- Unavailability of bulk infrastructure;
- Unavailability of serviced sites;
- Delayed payment of contractors due to less frequent payments by Provincial Treasury;
- Slow registration of transfer documents by the Deeds Office;
- Long response time by e-filing; and
- Contractors sharing sub-contractors.

#### 2.1.11.2 Housing Disaster Relief Grant

The Housing Disaster Relief Grant allocation amounted to R180 million. The amount was made available for provinces to provide emergency relief in support of reconstruction work to housing and related infrastructure damaged in natural disasters.

Table 8 gives expenditure patterns for the grant for the period ending 31 March 2012.

**Table 8: Expenditure as at 31 March 2012: Housing Disaster Relief Grant**

Province	Amount transferred as at 31 March 2012 (R'000)	Amount spent as at 31 March 2012 (R'000)	Percentage spent
Eastern Cape	56 700	0	0
Free State	43 100	16 631	38
Gauteng	36	0	0
KwaZulu-Natal	31 140	3 503	11
Limpopo	21 174	0	0
Mpumalanga	360	360	100
Northern Cape	10 350	10 350	100
North West	15 940	2 368	15
Western Cape	-	-	-
<b>Total</b>	<b>180 000</b>	<b>33 212</b>	<b>18</b>

Mpumalanga and Northern Cape spent 100% of their total allocation, followed by Free State (38%), North West (15%) and KwaZulu-Natal (11%) of their allocation. Eastern Cape, Gauteng and Limpopo failed to spend their allocations.

#### 2.1.11.3 Urban Settlements Development Grant (USDG)

The purpose of the grant is to assist metropolitan municipalities to improve urban land usage/availability to the benefit of poor households. This is to be achieved by supplementing the revenue of metropolitan municipalities to:

- Reduce the real average cost of urban land;
- Increase the supply of well-located land;
- Enhance tenure security and quality of life in informal settlements;
- Improve spatial density;
- Subsidise the capital costs of acquiring land; and
- Provide basic services for poor households.

The USDG came into effect as a result of cabinet's 2010 resolution to merge a portion of the HSDG with the MIG for cities. Since then the following has been achieved:

- The development of a policy framework;
- The development and implementation of a financial framework;
- The development and implementation of an appropriate Built Environment Performance Matrix;
- The establishment of a Panel for the Assessment of the Built Environment Performance Plans (BEPPs), comprising DHS as the chair and a range of other sector departments that impact the built environment. The objective of the panel is to evaluate the BEPPs submitted to the National Department of Human Settlements by cities and to ensure that plans meet the conditions set out in the grant framework;
- The establishment of an appropriate reporting, monitoring and evaluation and oversight framework for the USDG;
- The development and implementation of an appropriate intergovernmental relations framework and institutional arrangements for the USDG;
- The provision of appropriate programme support for cities and towns to implement and achieve the outcomes of the USDG and the DHS; and
- The submission of quarterly performance reports by the municipalities in terms of section 11(c) of the Division of Revenue Act of 2011. These reports were analysed on a quarterly basis.

**Table 9: Expenditure as at 31 March 2012: Urban Settlements Development Grant**

Municipality	Total amount available (R'000)	Financial year 1 April 2011 to 31 March 2012				
		Funds transferred (R'000)	Amount spent by municipality (R'000)	Variance: spent vs. total amount available (R'000)	Amount spent as percentage of total amount available	Amount unspent as percentage of total amount available
Buffalo City	423 446	423 446	796 99	343 747	19	81
Nelson Mandela	502 626	502 626	314 922	187 704	63	37
Mangaung	411 995	411 995	163 153	248 842	40	60
Ekurhuleni	1 094 276	1 094 276	504 305	589 971	46	54
City of JHB	1 027 970	1 027 970	470 116	557 794	46	54
City of Tshwane	891 081	891 081	349 874	541 207	39	61
eThekwini	1 091 574	1 091 574	558 323	533 251	51	49
City of Cape Town	824 030	824 030	287 972	536 058	35	65
<b>TOTAL</b>	<b>6 266 998</b>	<b>6 266 998</b>	<b>2 728 424</b>	<b>3 538 574</b>	<b>44</b>	<b>56</b>

Table 9 shows spending by the municipalities since inception of the USDG up to 31 March 2012. The total allocation of R6,2 billion was transferred and the municipalities had spent R2,7 billion (44%) at year-end. It must be noted that the municipal financial year-end is on 30 June and that expenditure is likely to improve by the end of the municipal financial year.

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

NONE



## 2.2 PERFORMANCE PER PROGRAMME

The activities of the Department of Human Settlements are organised in the following programmes:

- Programme 1: Administration
- Programme 2: Housing Policy, Research and Monitoring
- Programme 3: Housing Planning and Delivery Support
- Programme 4: Housing Development Finance
- Programme 5: Strategic Relations and Governance

### 2.2.1 Programme 1: Administration

#### Purpose

Programme 1 provides strategic leadership, administrative and management support services to the Department.

#### Strategic objectives

Administration is a non-core but essential component of the Department of Human Settlements. It renders support services to other line functions. The strategic objectives of the programme for the MTEF period from 2010 to 2013 are as follows:

- **Executive Support** provides administration and logistical support to the DG for the realisation of Outcome 8 objectives;
- **Internal Audit, Risk Management and Special Investigations** coordinates the provision of internal control, risk management and special investigation services;
- **Corporate Support** provides corporate support to the Department to enhance the quality of employees' work life in terms of the acquisition of office accommodation, security services and record management services;
- **Human Resource Management** manages and administers human resources, provides organisational design and performance management, manages labour relations and develops human resources;
- **Legal Services** provides legal services to the Department, including the drafting of legislation on human settlements; and
- **Information Technology and Systems** provides information technology systems, services, infrastructure and business application support to the Department.

#### Performance indicators and targets

During the year under review the Office of the Director-General provided leadership in the implementation of the Departmental strategic repositioning and re-direction, as well as leadership, coordination and facilitation of the Department's corporate systems to best respond to the Human Settlement mandate. This culminated in the implementation of the Departmental turnaround strategy at the end of the financial year.

Consequently, the office of the Director-General provided leadership in the coordination of Outcomes 8 and 9 in the implementation of human settlement programmes with sanitation as a critical component towards integrated delivery. Support and policy inputs were provided to the Forum of South African Directors Generals (FOSAD), with the aim of integrating government planning and maximising the sharing of resources. The key focus in this regard was the development of human settlements and the provision of basic services in well-located areas thereby improving the quality of household life of recipients.

The year under review yielded closer cooperation between the Department and sister departments in the human settlements value chain, as expressed in various cluster working committees.

In the advancement of the human settlements mandate and support to the Minister, key projects on social and rental housing were launched in line with municipal accreditation. Special attention was paid to upgrading informal settlements and to integrating them into the active spatial economy thus contributing economic integration and creating asset wealth through human settlements.

Leadership was provided in building a working relationship with different oversight committees as a critical aspect of accountability and good governance. During the year the strategic plan was presented before the Portfolio Committee on Human Settlements and quarterly reports were presented to both the Select Committee on Public Services and to the Portfolio Committee. Quarterly presentations were made on departmental efforts to improve project planning and delivery. This was given expression in the creation of the Project Management Unit that will have real-time data on project planning, delivery and impact. Milestones of the Project Management Unit will be accounted for in the next financial year after implementation of the turnaround strategy. This will assist with managing the rectification programme.

The corporate management of the Department was effectively managed through strategic management meetings and the executive management team meetings that set the systems and policy guidance on corporate synergy of actions. Support was provided to MINMEC and its efforts to coordinate human settlement planning, projects and resource allocation. MINMEC resolved that provinces had to provide real-time data on their targets and capacity to deliver given skills resident in the province, technical know-how and project management against the available budget.

In line with a delivery agreement signed between the Minister and the President on human settlements, the Director-General established clear working relations with heads of department through the Technical MINMEC, the forum responsible for the budget and programme performance.

The Department has in place a Special Investigations Unit with the mandate to prevent and detect corrupt activities and to ensure a reduction of corruption in the housing sector.

The Department, through the Chief Directorate: Internal Audit, Risk Management and Special Investigations, implemented an extensive Anti-Corruption Awareness Campaign focussed on Departmental employees (DHS), municipal employees, officials and councillors. Eighteen awareness workshops were conducted during the year under review. Five workshops were conducted for the branches within the Department, and four for Sanitation Regional Office employees. Nine anti-corruption awareness workshops were conducted for municipal employees, councillors and municipal managers.

The Department also monitored external cases under investigation by the Special Investigations Unit in terms of Presidential Proclamation R.7/2007, which was extended by Proclamation R.35 of 2010 and R.5 of 2012. Investigations during the year under review yielded the following outcomes:

- *New focus was on low-income housing contracts:* Fifty nine housing projects were identified for investigation. A total of 42 investigations were completed while 17 are ongoing. The total value of the 59 identified contracts amounted to R4 179 610 935. Fruitless and wasteful expenditure amounting to R27,9 million was uncovered in respect of three investigations. Potential losses suffered by the provincial departments of human settlements amounted to R71,8 million and were uncovered in respect of five investigations. Potential recoveries amounting to R101,9 million were identified in respect of three investigations. Disciplinary matters (misconduct) in respect of departmental officials were identified in eight investigations. The misconduct related mainly to transgressions of the National Housing Act, the National Housing Code and the PFMA. Six syndicate matters were closed.

- *People's Housing Process investigations in the Western Cape:* Twenty nine investigations were finalised in respect of 44 referred matters.

During the 2011/12 financial year the Internal Audit Directorate conducted, *inter alia*, reviews on the Department's performance information. An improvement was noticed in terms of performance indicators and targets, the manner of reporting, and the reliability of information being reported.

The Branch: Corporate Services effectively and efficiently facilitated and managed the coordination and provision of corporate support, human resources, information technology and legal advice to other branches in the Department.

Notable achievements for the period under review include continued monitoring of the implementation of protective security measures and processes during which all vulnerabilities and possible threats identified during the process were dealt with to ensure that the environment remains safe, secure and conducive to the realisation of core business. The Chief Directorate: Corporate Support adhered to and complied with measures to ensure safety and security at departmental and ministerial events. All candidates for advertised positions of deputy director and higher were screened before interviews. Necessary vetting processes on officials dealing with sensitive information were conducted. These included record checks for service providers prior to bid adjudication and/or rendering of services.

The Chief Directorate: Corporate Support also ensured that Departmental records were effectively managed and systems for the proper management of records were approved. Records from three housing support institutions, Servcon, Thubelisha Homes and the Social Housing Foundation were brought under the custody of the Department. The systematic disposal programme was implemented and resulted in the disposal of 184,9 linear meters of records.

Departmental facilities were maintained in compliance with standards and in line with approved operational plans. Occupational health and safety processes were implemented to ensure a safe workplace.

The Department, in liaison with the Department of Public Works, is procuring office accommodation for regional sanitation offices.

The Chief Directorate: Human Resource Management assisted with the implementation of the revised approved structure following the finalisation of the turnaround strategy. Job evaluations on positions below the macro structure were submitted to the Job Evaluation Panel and the Director-General for approval. However, the moratorium on the filling of non-critical positions had a negative impact on the vacancy rate.

**Table 10: Programme 1: Administration**

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		Reason for variance
		2011/12 Target	Actual achievement	
<b>Sub-programme: Office of the Director-General (Executive Support)</b>				
Provide administrative and logistical support	Coordinated workflow between offices of DDGs and DG	Report on administrative and logistical support developed	Administrative and logistical report developed	
	Analysed and administered FOSAD cluster	Report on FOSAD documents analyses developed	Report developed	
	Provided quality assurance to correspondence received	Report on correspondence quality assured, developed	Report developed	
	Coordinated workflow between offices of the DG and DDGs	Report on workflow managed	Report developed	
<b>Sub-Programme: Office of the Director-General (Internal Audit, Risk Management and Special Investigations)</b>				
Evaluate the adequacy, effectiveness and efficiency of systems of internal control, risk management and governance processes	<p>Reviewed and implemented internal audit plan</p> <p>Completed 14 planned internal audit projects and 2 special request audits</p> <p>Issued 3 quarterly reports</p>	100% completion of internal audit annual plan	<p>Planned audits: 31 Completed audits: 14 Audits not completed: 17 45% achieved</p> <p>2 ad hoc audits requested and completed</p>	<p><b>Summary of 17 audits not completed</b> Audits at reporting stage: 7 Audits postponed to next financial year: 3 Audits put on hold by Department: 5 Audit pending appointment of service provider: 1 Audit to start after issuance of the Departmental annual report: 1</p> <p><b>Key reasons for variances</b> Client unavailable for opening meetings Client delays in commenting on reports Capacity constraints in Internal Audit Slow receipt of information</p>
Develop, facilitate, monitor and review implementation of Risk Management Strategy	Approved Risk Management Strategy	Approved and implemented Risk Management Strategy	Risk Management Strategy was updated and presented to Risk Management Committee in August 2011. It was not approved pending finalisation of turnaround strategy.	Risk Management Strategy was updated and presented to Risk Management Committee in August 2011. RMC advised that strategy had to be updated with outcome(s) of turnaround strategy.

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		Reason for variance
		2011/12 Target	Actual achievement	
		Approved and implemented Risk Profile	Risk Profile was approved by Accounting Officer on 7 February 2012. Implementation of risk action plans was monitored using monitoring tool.	None
Prevention, detection and reduction of corrupt activities		15% reduction in corrupt activities in sector	<p><b>Prevention</b>  10 awareness workshops conducted for employees of Department.  6 awareness sessions conducted for branches within Department and 4 for Sanitation Regional Office employees.  8 anti-corruption awareness workshops conducted for municipal employees and officials.</p> <p><b>Reduction</b>  Poor workmanship/poor-quality houses  Illegal evictions/threatened evictions  Unfair rental/inconsistent rental fees  Illegal sale/rental of low-income houses  Non-payment of contractors/sub-contractors  Delay/failure to allocate low-income houses  Fraud and corruption</p> <p><b>Detection</b>  Special Investigations Directorate dealt with 170 cases:  48 cases referred to Gauteng province  20 cases referred to North-West province.  57 cases initially referred to KwaZulu-Natal, Eastern Cape, Western Cape and Mpumalanga.  Directorate monitoring progress on referred cases: 25 cases finalised internally. In remaining 20 cases, complainants details could not be reached telephonically and there is no further information regarding complainants.  SIU investigated and completed <b>42 housing projects out of a total of 59 housing projects</b> under investigation.</p>	None



Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		Reason for variance
		2011/12 Target	Actual achievement	
<b>Corporate Services: Sub-programme: Corporate Support</b>				
Compliance with all security standards	100% compliance	Number of reports on compliance with all security standards	4 reports on compliance with all security standards submitted	None
Provision and maintenance of facilities in compliance with standards	100% compliance	Number of reports on provision and maintenance of facilities in compliance with standards	4 reports on provision and maintenance of facilities submitted	None
Management of records in compliance with National Archive requirements	75% compliance	Number of reports on compliance with National Archive requirements	4 reports on compliance with National Archive requirements submitted	None
<b>Corporate Services: Sub-programme: Human Resource Management</b>				
Coordination of human resource development initiatives	80% compliance	Developed, implemented and reported on Workplace Skills Plan	Achieved. Workplace Skills Plan implemented. Achieved. 4th Quarterly training Report done and submitted to PSETA.	
	100% compliance	4 reports on activities of Training and Skills Development Committee	Achieved: 4 reports on training and skills development	
Human Resource Administration and Organisational Design	100% compliance	Realigned structure in line with strategy	Job descriptions for new/redesigned jobs reviewed	
	100% compliance	Assessed individual performance	Achieved: all submitted assessment reports finalised and outcomes implemented	
	94% compliance	Filled funded vacant posts to ensure 94% capacity	Not achieved: 19% vacancy rate	
100% compliance with conditions of service	100% compliance with conditions of service as determined in regulatory framework	100% compliance with conditions of service as determined in regulatory framework	PERSAL reports for management of conditions of service can be viewed on request	
100% of identified policies and guidelines approved	Develop, review and monitor implementation of policies and guidelines	Develop, review and monitor implementation of policies and guidelines	Migration framework developed (guideline) for migration to new structure	
100% compliance	4 reports on Bargaining Chamber activities	4 reports on Bargaining Chamber activities	Report on Bargaining Chamber activities	
	Ensure effective facilitation of LR cases/activities	Effective facilitation of LR cases/activities ensured	Report on labour relations matters facilitated	

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		Reason for variance
		2011/12 Target	Actual achievement	
<b>Corporate Services: Sub-programme: Legal Services</b>				
Percentage of approved legislative frameworks	Developed legislative frameworks	100% of legislative frameworks approved	Developed and took legislative frameworks through cabinet and parliament	None
Percentage of monitored implementation of legislative frameworks	Monitored implementation of legislative frameworks	100% monitored implementation of legislative frameworks	Monitored implementation of legislative frameworks	None
Percentage of completed legal documents	100% completion of legal documents	Percentage of completed legal documents	Completed legal documents	None
Implementation of Compliance Policy and Strategy (policy on compliance with laws, regulations, rules and internal policies and procedures)	Compliance with laws, policies and regulations	Report on compliance and non-compliance with laws, regulations, rules and internal policies and procedures	Report on compliance with laws, regulations and policies	None
Percentage of litigation matters managed	Compliance with litigation rules and procedures	Percentage of litigation matters managed	Litigation matters managed	None
<b>Corporate Services: Sub-programme: Information Technology</b>				
Implemented, tested and maintained DRP	Implemented centralised storage and backup solution implemented Completed testing Ongoing maintenance	Implemented Information Technology Disaster Recovery Strategy and Plan	Testing signed off and maintenance report for centralised storage and backup solution submitted	None
Implemented infrastructure optimisation	Unified e-mail management solution implemented	Review and implement Information Technology Infrastructure Optimisation Plan	Implementation report on ICT infrastructure optimisation submitted	None
Implemented business automation	Draft business process mapping requirements report completed	Approved Business Process Mapping Report	Achieved high-level testing and maintenance report for business process mapping	None
Developed, revised and approved IT policies	IT capacity, performance and configuration policies approved	Monitoring and evaluation of approved IT policies	1 implementation report on capacity performance and configuration policy	None
Developed and approved SITA Business Agreement	5 SLA meetings held and reports compiled	12 SLA meetings and reports	3 SLA meetings held and reports completed	None
Revised and approved information and communications technology strategy		Review, implement and monitor ICT Strategy	Implementation report on ICT infrastructure optimisation submitted	None
Implement IT risk management		Implement IT risk management	Management of IT risk register achieved	None
4 IT security awareness programmes		4 IT security awareness programmes	Annual Information Security Awareness Campaign launched	None

## Changes to planned targets

The Chief Directorate: Human Resources did not achieve the targeted 94% filling of vacancies owing to the turnaround process and the moratorium on the filling of non-critical posts. The posts will be advertised and filled in the next financial year.

The Chief Directorate: Information Technology coordinated the Department's ITS mandate as planned and also undertook a number of ad-hoc projects. Notable achievements include the implementation and testing of the Disaster Recovery Plan (DRP) site, and the submission of the maintenance report for the Centralised Storage and Backup Solution.

A high-level testing and maintenance report for business process mapping was compiled. The Revised and Approved Information and Communications Technology Strategy and the Implementation Report on ICT Infrastructure Optimisation were submitted.

In order to improve IT Infrastructure towards better management of outages, the new cluster nodes were installed, tested and new volumes and LUNs created on the SUN storage cluster to house data. The nodes were configured to connect to the redundant storage devices via multiple fibre-optic links following different data paths (multipaths). The data is 'mirrored' and set in a RAID Array for ultimate redundancy and data integrity. Two new Linux nodes were configured to host GroupWise services, and a new clustered primary domain was added for administration purposes. All GroupWise services were 'cluster-enabled' and new agents loaded to start these services on their virtual cluster servers.

The GroupWise e-mail system was enhanced to synchronise data such as tasks, calendar entries, and e-mail to newer devices that ship with the Mail for Exchange as Novell has also included Microsoft's Active-Synctechology to enable GroupWise to support mobile devices of any system, including Apple's iPhone, and iPads.

Due to additional demand on the IT infrastructure, the following *ad-hoc* tasks were undertaken and will be streamlined into the planned activities:

- Implementation of Open-source-based proxy services;
- Investigation into the implementation of the Microsoft Active Directory and Exchange; and
- Implementation of instant messaging services within the Department.

The Chief Directorate: Legal Services' most notable achievement was getting the Rental Housing Amendment Bill approved by cabinet for deliberation in parliament.

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

### Purpose

Programme 2 develops and promotes human settlements and housing policies supported by a responsive research agenda, and monitors and assesses the implementation, performance and impact of national housing policies and programmes.

### Strategic objectives

The strategic objectives for the programme are as follows:

- **Policy Development** develops and promotes national human settlement and housing policies;
- **Research** manages and coordinates responsive research; and
- **Monitoring and Evaluation** monitors and evaluates the planning, implementation and performance of national housing policies and programmes and assesses their impact.



## Performance indicators and targets

### New project-based housing subsidy scheme programme

The Department successfully developed a new subsidy programme to cater for small-scale developments where the need is confined to assisting beneficiaries who qualify for subsidies, typically for small-scale extensions to existing low-cost structures, 'in-fill' schemes for subsidy beneficiaries, and rural small-scale housing initiatives. The programme was necessitated by the fact that integrated development objectives are not necessarily feasible and practicable in all development scenarios, with the result that the National Housing Programme: Integrated Residential Developments may not be suitable to meet all developmental needs.

### Revision of the Ministerial National norms and Standards

The Department developed new National Norms and Standards for the National Housing Programme to bring them into line with the recently introduced energy-efficient National Building Regulations. The current Ministerial Norms and Standards do not conform to the energy- efficient measures of the National Building Regulations; compliance with the new standards will require substantial adjustments with considerable financial implications for the fiscus. It was therefore decided to apply for exemption from the National Building Regulations but to offer enhancements to existing dwellings that will greatly improve the thermal performance of the subsidised houses with reasonable expenditure.

### Tender-based housing development approach

The Department's proposal for the introduction of a tender-based approach to housing programmes, in terms of which provincial governments would invited tenders and accept the best tender that represents the best interest of the State, was met with scepticism. This was due to current problems in respect of tender manipulation. The predetermined housing subsidy quantum approach is regarded as a sound mechanism to curtail tender and building price fraud. However, the Human Settlements MINMEC gave the Department a mandate to further investigate the cost of a range of housing products to determine the feasibility of further diversification of the needs- oriented approach and to evaluate whether greater discretion in the application of the housing subsidy scheme and the products to be delivered can be awarded to provincial governments. This step is regarded as a step towards achieving a more practicable solution to cater for cost differences across the country and to meet diverse needs by tailored solutions.

The Policy Unit successfully provided policy interpretation and advice in circumstances ranging from Special Investigations Unit investigations and findings, court applications brought against the Minister of Human Settlements and general policy interpretation.

### Provincial workshops

The branch engages in annual workshops with provincial departments and their respective municipalities to discuss various works in which the Department is involved in policy development, review and approval; and any challenges that may be experienced in policy implementation. Workshops were held with all the provinces and their respective municipalities apart from North West.

### Policy assistance

The branch receives many requests for assistance with interpreting policy and for workshops. It also receives policy inputs from stakeholders. In the year under review the following parties received assistance:

- Provincial human settlement departments;
- Municipalities;
- SALGA;
- The Limpopo MEC Panel of Advisors; and
- The South African Housing Foundation.

Substantive input was also provided in preparations for the African Ministers Conference on Housing and Urban Development IV (AMCHUD IV) and the Youth Summit on Human Settlements.

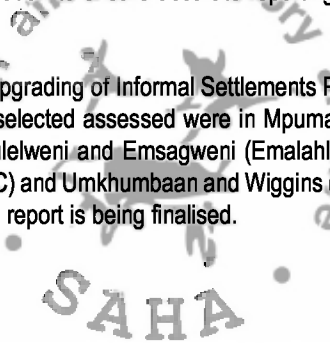
During the 2011/12 financial year the branch surpassed the number of planned research reports. In particular, research on the number of jobs created in the delivery of human settlements and the work on affordable rental housing contributed towards the achievement of the Department's mandate in line with government's national priorities.

Two projects, namely the publication of research on human settlements and the Centre of Excellence for Human Settlements Research, were only partially completed due to a number of delays beyond the branch's control. In response, alternative strategies were devised to address these challenges and, despite not having been finalised, both projects are on course for completion in the next financial year.

Project-level monitoring confirmed the existence of good-quality constructions in all provinces that provide beneficiaries with a formal dwelling, as well as access to basic services and secure tenure. In addition, social and economic amenities are also provided. However, the progress of some projects is still hampered by, for example, poor workmanship, slow administration of beneficiaries, poor planning and location, and a lack of beneficiary education and alignment among various government departments. Initiatives to address these challenges are being developed and implemented.

The Department, in collaboration with various role players, successfully revised the delivery agreement in terms of Outcome 8. Progress reports on the various targets and milestones were submitted to Human Settlements MINMEC and cabinet every quarter. The Department actively participates in various forums of the Department of Performance Monitoring and Evaluation to ensure accurate reporting on Outcome 8 of the Programme of Action.

An impact assessment study of the Upgrading of Informal Settlements Programme was conducted during the 2011/12 financial year. The projects selected assessed were in Mpumalanga, Western Cape, Eastern Cape and KwaZulu-Natal Provinces (Empulelweni and Emsagweni (Emalahleni, MP); Bossiesgwiif/Qolweni, Bitau (WC); Duncan Village, (Buffalo City, EC) and Umkhumbaan and Wiggins (Ethekwini, KZN)). Data collection and analysis were completed and the final report is being finalised.



**Table 11: Programme 2: Housing Policy, Research and Monitoring**

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against target		Reason for variance
		Annual target 2011/12	Actual achievement	
<b>Sub-Programme: Policy Development</b>				
Develop national human settlement policy	New national policy developed for ministerial technical standards for subsidy-financed housing sector detailed policy framework developed for comprehensive new Human Settlements policy and Human Settlements Bill Policy on housing subsidy scheme quantum for 2011/2012 developed	Develop policy proposals	Revised norms and standards developed and under consideration Finalisation of Bill and White Paper deferred to next financial year  MINMEC mandated Department to determine cost of a range of housing products. Project in tender stage	None Insufficient funds to finance outsourcing of project Suggested tender-based approach met with scepticism.  MINMEC decided more empirical information required before final decision
Promote national human settlement policy	9 workshops on human settlement policies held in provinces and their municipalities	Familiarise key stakeholders with human settlement policies through at least 9 structured policy workshops	8 policy workshops held with provinces and their municipalities	No assistance received from North West provincial officials in arranging workshop
<b>Sub-Programme: Monitoring and Evaluation</b>				
Approved monitoring, evaluation and impact assessment policy and implementation guidelines	Approved MEIA policy and guidelines for 2010/11	Approved MEIA policy and guidelines for 2011/12	Revision of policy and guidelines still in process	Performance indicators for USDG Grant has not yet finalised
Number of monitoring reports on human settlements project performance	4 quarterly reports	4 quarterly reports	4 quarterly reports	None
Number of monitoring reports on Human Settlements Index	4 quarterly reports	4 quarterly reports	4 quarterly reports	None
Number of monitoring reports on Outcome 8	4 quarterly reports	4 quarterly reports	4 quarterly reports	None
Number of impact assessment reports	2 reports	2 reports	1 draft report	Approval for profiling of informal settlements still outstanding
Functional MEIA system	4 quarterly reports	4 quarterly reports	4 quarterly reports	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against target		Reason for variance
		Annual target 2011/12	Actual achievement	
Sub-Programme: Research				
Number of re-research reports on identified themes in research agenda	4 research reports	8 research reports	15 research reports	In addition to 8 planned reports, 7 extra reports produced
Number of research publications disseminated	0 – new target	2 research publications disseminated	2 research publications on financial matters and self-help in progress. Papers received from authors are being prepared for publication	Delays in receiving papers from prospective authors
Research nucleus for collection and distribution of internal research	Books bought for research nucleus Electronic research nucleus test site placed on DHS portal	Maintain and furnish research nucleus	Material for the research nucleus has been sourced: Thirty books were purchased	None
Centre of Excellence for human settlements research	MoU established with National Research Foundation	Centre of Excellence for human settlements research established	MoU redrafted for approval	Delays in approval process
4 discussion forums for research-dissemination	4 discussion forums	4 discussion forums	4 discussion forums	None
5 reports on discussion forums	5 reports on discussion forums	5 reports on discussion forums	5 reports on discussion forums	No Variance
4 economic trends and market analysis reports	4 economic trends and market analysis reports	4 economic trends and market analysis reports	4 economic trends and market analysis reports	No Variance

## Changes to planned targets

### White Paper on Human Settlements

Although a framework for a White Paper on Human Settlements and a framework for a new Human Settlements Bill were developed and submitted for consideration. However, in view of budget constraints and the Department's plans to establish dedicated capacity specifically to attend to macro policy development initiatives, it was decided to defer the project to the 2012/2013 financial year when the new departmental structure will be finalised and new funding will be allocated.

The Chief Directorate: Monitoring and Evaluation planned profile beneficiaries in the informal settlements targeted for upgrading in the 2011/12 financial year. Approval of the terms of reference is still pending.

## 2.2.3 Programme 3: Housing Planning and Delivery Support

### Purpose

Programme 3 supports implementation and delivery, builds capacity, liaises and communicates with stakeholders for effective human settlement programmes, and coordinates and monitors implementation of priority projects and the sanitation programme.

### Strategic objectives

The programme's strategic objectives are as follows:

- Capacity Development develops and secures capacity in the sector;
- Human Settlement Planning provides implementation and delivery support, builds capacity, and liaises and communicates with stakeholders in respect of human settlement programmes;
- Priority Projects Facilitation coordinates the achievement of sustainable human settlements in identified national priority projects;
- Programme Implementation Support provides support to provinces and municipalities in implementing housing and human settlement programmes and projects, in unblocking stalled projects, and in upgrading informal settlements;
- Rental Housing and People Housing Projects manage the implementation of the PHP and rental/social housing programmes and provide regulatory support and oversight over the rental/social housing and PHP sectors;
- Sanitation coordinates the implementation of universal access to sanitation services; and
- Stakeholder Mobilisation manages relations, and mobilises and collaborates with stakeholders in the non-governmental sector.

### Performance indicators and targets

The 2011/12 financial year was an exciting time for the Department and its partners. Pronouncements by cabinet provided direction to activities of the Department and set certain goals to be achieved by 2014. These goals can only be attained through collaborative and cooperative processes with partners at the three spheres of government, as well as the private sector.

Sustainable human settlements and quality household life can only be achieved with the cooperation and collaboration of all relevant partners and the allocation of sufficient resources.

The Sub-programme: Capacity Development, through its Training and Skills Development unit, implemented programmes aimed at empowering beneficiaries and communities to be active citizens and members of their communities in the creation of sustainable human settlements. The role of sector stakeholders was also given prominence through forming partnerships with institutions of learning to implement training programmes specific to human settlements. This training contributes to the improvement of understanding of the human settlements sector and the property market. Local government councillors and political representatives were empowered through councillor induction workshops on human settlements. The knowledge and information gleaned from these workshops will assist them in implementing human settlements programmes.

The following are notable achievements:

- Two hundred and seventy four officials and 403 community members were trained on the sustainable communities support programme during phases three and four;
- The Human Settlements Induction Programme for Councillors was successfully implemented in partnership with SALGA. Two hundred and fourteen members of mayoral committees in six provinces (Mpumalanga, North West, Northern Cape, KwaZulu-Natal, Limpopo and Gauteng) participated;
- A total of 36 beneficiary empowerment educational sessions were conducted in seven provinces to 2 513 beneficiaries.

The Institutional Capabilities Development Programme was implemented through (1) the development and implementation of Provincial Capacity Development business plans; and (2) the implementation of the South African Cuba Technical Support Programme.

Strategies for the Institutional Capabilities Development Programme were maintained through the facilitation of two Capacity Development Strategic sessions, the first held with relevant units within the Department; and the second with provincial departments of human settlements development (PHSDs).

The Provincial Capacity Development business plans were developed and implemented to ensure capacity in PHSDs, mainly to implement Outcome 8 targets.

The South African Cuba Technical Support programme was implemented to provide technical support during the implementation of projects aligned with Outcome 8.

The Minister of Human Settlements granted approval for continuing with the professionalising of the Human Settlements Sector, as well as for the establishment of the Chair of Education for Human Settlements Development Management.

The Department of Higher Education authorised the Nelson Mandela Metropolitan University to offer a bachelor's degree in Human Settlements Development, based on the degree developed by the Department.

The Department hosted the 2011 retreat from 9 to 11 September. Officials from the PHSDs and scholarship beneficiaries attended the retreat.

Institutions of higher learning were visited to monitor students' progress. These visits are aimed at building good working relations with institutions of higher learning, monitoring academic progress and supporting scholarship beneficiaries.

The Sub-programme: Human Settlements Planning is responsible for the development and maintenance of planning frameworks in accordance with National Treasury prescripts. These include frameworks for the National and Provincial Conditional Grant Business Plans for 2012/13.

The period under review saw the development of a new business plan format for the Human Settlements Development Grant, which was essentially informed by the need to enhance the credibility of these plans from both the programmatic and the project-level planning.

There was a distinct absence of proficiency in project planning and management. Notwithstanding the prescripts of DoRA, very few PHSDs were in compliance. In addition, there was no uniformity in the reporting requirements for the submission of project lists. As a consequence, both the National Department of Human Settlements and National Treasury were unable to align specific projects to human settlement programmes and priorities.

The newly developed template addresses project lists and reporting, as well as cash flow of projects, starting at the regional level. For the first time a comprehensive Business Plan is available at regional, provincial and national level – a major achievement indeed. The successful use of this template has gone some way towards building credibility in the planning processes of PHSDs.

During the year under review, support to PHSDs continued in respect of the development of provincial APPs. Plans were received from Mpumalanga, Western Cape, Gauteng, Eastern Cape and North West.

The unit also rendered support to targeted municipalities in North West, Eastern Cape and Northern Cape, in respect of their Housing Chapters. Training was also provided for municipal managers and recently elected local councillors.

The development and review of two key human settlement planning instruments, namely the Guidelines for Human Settlements Planning and Design, and Housing Chapters of Municipal IDPs, were held in abeyance until the turnaround process within the Department has run its course.

The Chief Directorate: Priority Projects Facilitation continued to provide strategic and project management support to provinces in the roll-out of identified priority projects. This support differed from project to project as each project was at a different stage in the delivery cycle. Quarterly consolidated progress reports on the projects were prepared and submitted to the Departmental principals.

Construction of houses in the Zanemvula Project (Eastern Cape, in the jurisdiction of the Nelson Mandela Bay Metropolitan Municipality) is ongoing. To date, 3 551 new units have been completed. This project was been delayed by, *inter alia*, the change in the Implementing Agent and the 3 500 Vastrap families living adjacent to the project who demanded to be included in the project. Despite challenges, the project team managed to accelerate progress. On 3 and 4 October 2011, the minister handed over a multi-purpose community centre in Soweto-on-Sea and 1 347 houses in Chatty.

The Duncan Village Project (Eastern Cape, Buffalo City Metropolitan Municipality), is facing challenges with regard to lack of suitable land for human settlement, inadequate bulk infrastructure capacity and insufficient capacity of the developer (Buffalo City Municipality) to implement the project. To date, 5 103 houses have been completed.

Progress in the Khutsong Project (Gauteng, in the jurisdiction of the Merafong Local Municipality) is very slow. The appointed contractor has not been performing as stipulated in the delivery programme. Delays in quality inspections by Gauteng inspectors also slowed down the delivery progress. Discussions are ongoing to resolve the aforesaid issues. To date, 610 houses have been completed.

The Klarinet Project in Mpumalanga (Emalahleni Local Municipality) was initially delayed by funding constraints. The Mpumalanga Provincial Department has since intervened and progress has improved. To date, 506 houses have been completed. On 8 March 2012 the Minister handed over houses to beneficiaries.

In the N2 Gateway project in Western Cape Province (jurisdiction of the Cape Town Metropolitan Municipality) 9 395 houses have been completed to date. In Delft 601 precinct, 50 units were omitted due to unresolved issues with Eskom. However, there is continuous engagement between Eskom and the turnkey contractor to address the issues. In Delft Symphony Precinct 1 and 2, some houses are standing vacant because of slow occupation by beneficiaries, posing the risk of invasion. However, the implementing agent is addressing this challenge. In Boys' Town, there has been a challenge regarding bulk electricity infrastructure. However, this challenge has been addressed and installation of the infrastructure commenced in February 2012.

The Cornubia Project in KwaZulu-Natal (jurisdiction of eThekweni Metropolitan Municipality) was planned to yield about 24 500 residential units (with a range of housing typologies and tenure options), and will entail the development of 80 hectares into industrial platforms for commercial usage, including a mixed use town centre. Currently, an access road under construction is 45% complete. Six show houses have been completed in phase 1 (comprising of 486 units) and are being prepared for approval. A tender for the installation of civil engineering services and construction of the first 623 houses in phase 2 (comprising 2 263 units) was advertised in October 2011. Tenders have been evaluated and the contract now has to be awarded.

The Lerato Park Project in the Northern Cape (jurisdiction of the Sol Plaatje Local Municipality) entails the development of 4 564 residential units. A bulk infrastructure scoping exercise found that the bulk infrastructure capacity is insufficient to accommodate new developments. The bulk infrastructure issue contributed significantly to delays. However, the local authority granted approval for the development of 800 units per annum while the issue of the bulk infrastructure is addressed. To date, an access road and civil engineering services have been installed in phase 1 of the project. This project is likely to experience another delay as the provincial department has terminated the services of the implementing agent.

The reasons for not achieving the first target are as follows:

- Meetings for the Lephalale Project could not take place because Limpopo Province did not confirm dates.
- With regard to the Duncan Village Project, meeting dates were scheduled but cancelled by Buffalo City Municipality at the last minute.

The reason for not achieving the last-mentioned target is that the Priority Projects Facilitation Unit was inundated with requests for reports on various aspects during the first quarter and as a result could not attend to the issue of social facilities.

In the year under review, the programme, through the Sub-programme: Programme Implementation Support, focused its activities on giving support to provinces and municipalities to unblock stalled housing projects, upgrade informal settlements, and identify and support slow moving projects. Considerable effort and resources were expended towards achieving the outputs and milestones of Outcome 8. The sub-programme provided support to 9 provinces and 43 municipalities in respect of informal settlement upgrading as well as to 40 projects and individuals in respect of other housing and human settlement projects.

Providing access to basic services and secure tenure through informal settlement upgrading to 400 000 households residing in informal settlements is a major challenge of the Outcome 8 Delivery Agreement. To this end, the National Upgrading Support Programme (NUSP) was established and managed by the sub-programme. Through NUSP, a dedicated website was established. The website contains a resource kit for practitioners in the field of upgrading. A capacity building programme was designed. It will be developed and implemented during the 2012/13 financial year. All nine provinces are taking part in NUSP and are establishing provincial NUSP forums to align activities with relevant municipalities. A total of 49 municipalities will be supported through NUSP. The compilation of provincial upgrading strategies, as well as municipal upgrading plans, is making good progress.

A strategy was developed to unblock stalled projects and a detailed process guide was prepared to assist provinces. However, a major cause of concern remains the inadequate budget allocation made by provinces for unblocking of stalled projects. This has resulted in many stalled projects not being unblocked and thousands of beneficiaries not gaining access to housing. Accurate information on stalled projects also remains a concern as provinces do not populate and update information the Housing Subsidy System (HSS) regularly.

Information on slow-moving projects is more readily available on the HSS. A comprehensive database was compiled and is being discussed with provinces with a view to compiling a priority list of projects to be supported.

The Housing Project Process Guide was compiled to assist housing practitioners in the implementation of housing projects. Promotion of the guide continued during the year and a number of workshops were held with provinces and municipalities.

A project pipeline consisting of 163 000 rental units to be delivered from 2013 to 2016 was developed and assessed. This ascertained the level of project readiness with a projected budget to deliver 80 000 affordable rental housing units in line with Outcome 8.

Support for the government's rental housing programme was mobilised and led to heightened interest and involvement of the private sector – a key component in delivery of Outcome 8.



The following five provinces were supported with project preparation and planning in the delivery of 8 450 PHP units in the 2011/2012 financial year:

- KZN (1 600 units);
- Mpumalanga (3 500 units);
- Limpopo (200 units);
- Western Cape (3 000 units); and
- North West (150 units).

All nine provinces were engaged to determine their allocations for PHP during the 2011/2012 financial year. PHP workshops were conducted in municipalities throughout the nine provinces. Workshops were also held for councillors and the PHP sector in general, including community resource Organisations (CROs), CBOs and NGOs.

The final draft of the PHP Implementation Guidelines was finalised in February 2012 and will be presented to MINMEC for approval in the first quarter of the 2012/2013 financial year.

Quarterly PHP national reference groups meetings were held, and issues that impact on the implementation of the programme were discussed in detail and resolved. The PHP sector also held a work session with the deputy minister. During the session all PHP-related issues were discussed and challenges in the implementation of the programme were subsequently escalated to the ministry.

The unit monitored and evaluated the implementation of PHP in five provinces and developed a document on lessons learnt in implemented projects. The document is based on the enhanced PHP Policy Framework of 2008.

During 2011/12, the revision of the White Paper on Basic Household Sanitation was initiated. All provinces, SALGA, relevant national departments, municipalities and other stakeholders were consulted through workshops and meetings to obtain comments and views on a draft White Paper.

A National Workshop was held in September 2011 to obtain comments and inputs towards the development of a National Sanitation Policy. It was attended by Water Sector partners, national government officials, academics and Civil Society organisations. A Draft National Sanitation Policy was developed for further discussion and finalisation. The policy is expected to be finalised during 2012/13.

Water Services Development Plans were assessed for 84 municipalities as part of Integrated Development Plans (IDP) assessments.

The Unit actively supported MISA, which was coordinated by the Department of Cooperative Governance. The MISA roll-out followed the 2009 State of Local Government Report that revealed technical capacity to be a major challenge in South African municipalities, particularly in rural municipalities. The report further showed that municipalities experience various capacity challenges resulting in slow service delivery. In other instances, lack of service delivery contributed to deep levels of frustration in communities, leading to violent service delivery protests.

The Unit supported the Department of Cooperative Governance with diagnostic assessments in Gauteng, North West, Eastern Cape and Free State and also assisted in the development of the Gauteng Support Plans.

The Rural Household Infrastructure Grant (RHIP) was managed and, due to poor performance by the service providers, several amendments were made to the implementation of the programme. New, additional service providers will be appointed during 2012/13 to increase delivery on the programme.

The year was characterised by extensive support to the Minister's Programme. This took the form of launches and project visits across the country, including:

- The launch of the Each One Settle One Campaign;
- Celebrations for International Habitat Day;
- The launching of the first 314 of 20 000 units in Northam, as well as sod turning for the sewer treatment plant as part of an Anglo American Platinum Mines Project;
- The launch of the Sixteen Days of No Violence Against Women and Children Campaign;
- World Aids Day in Beaufort West;
- The hand-over of houses at Msukaligwa in Mpumalanga;
- The launch of the Southernwood Square Social Housing Project in Buffalo City; and
- The Jabulani Hostel Development in Soweto.

Gauteng, Eastern Cape, Limpopo, North West and Mpumalanga were supported in the hosting of provincial 'Vision 2030', indaba's and youth summits.

The Emerging Contractors Support Programme Framework was approved by Technical MINMEC in September 2011. The programme will be initiated from April 2012 in the Eastern Cape with 20 emerging contractors to be identified for an intensified training process that will see emerging contractors who have already undergone the mentorship programme graduating to the second phase as professional entrepreneurs.

The Department entered into public-private partnership agreements with several stakeholders to fast-track delivery of human settlements with the assistance of the private sector. Parties to the agreements include Anglo Platinum, PRASA, Impala Platinum and the DBSA.

The Department had a number of discussions with stakeholders wishing to engage and collaborate on the utilisation of alternative technology in housing programmes.

The Govan Mbeki Human Settlements Awards was approved by the minister in January 2012. Ceremonies will take place in April 2012 and the national awards ceremony will be held in May 2012.

Several sponsorships were sourced and project launches managed to showcase projects, including the NHBRC's International Housing and Home Warranty Conference Legacy Project.

Sponsors were found to finance the enhancing of eight houses and the beautification of the Park for the Legacy Project, the Youth build in Molemole, Limpopo where 76 houses were constructed, and the Klarinet Integrated Housing Project in Mpumalanga.

Ms Zou Kota-Fredericks, Deputy Minister of Human Settlements, held and addressed a national breakfast session on women's economic empowerment with sector stakeholders such as SAWIC, KHUTHAZA, the Council for the Built Environment, academic institutions, provincial representatives, and the provincial departments of Public Works, Trade and Industry, Women, Children and People with Disabilities, as well as human settlements entities such as NHFC and NURCHA.

The Deputy Minister handed over 408 housing units in China Square, Kimberley (Northern Cape) during Women's Month.

A national Women's Build was held in Brandfort in the Free State with the Provincial Department of Human Settlements and the local municipality. Fifty five housing units were completed in commemoration of the historical women's march. The beneficiaries were women-headed households, the elderly, persons with disabilities and orphan-headed households.

A special house build, using alternative technology, was launched on Mandela Day by Minister TMG Sexwale as a legacy project for the 12th International Housing and Home Warranty Conference.

The Department facilitated the implementation of the Youth in Human Settlements Programme through which youths are trained in bricklaying, plastering and plumbing. Several projects were initiated in Gauteng, Mpumalanga and the Eastern Cape. A Youth Build was held at Molemole Municipality in Limpopo province and yielded 100 housing units for vulnerable and marginalised housing beneficiaries as part of Youth Month. One hundred youth volunteers gained construction skills in the process while an opportunity was created for the private sector and sister departments to work with the Department of Human Settlements.

The national Youth in Human Settlements Summit was coordinated and held in Durban. Progressive resolutions were taken to entrench youth development across provinces. To date four provinces have held provincial summits, namely Gauteng, Limpopo, North West and Western Cape.

**Table 12: Programme 3: Housing Planning and Delivery Support**

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Capacity Development</b>				
Human settlements training and skills development programmes implemented at all three spheres for officials, beneficiaries and councillors	Phases 1 and 2 of the sustainable communities support programme	Implementation of phases 3 and 4	Achieved phases 3 and 4	None
	WITS Business School Certificate Programme implemented and 82 officials completed programme	Two intakes per year with a minimum of twenty officials per intake	Partially achieved One intake successfully implemented with 29 officials participating in the programme	Second intake not successfully implemented due to budgetary constraints
	3 beneficiary empowerment programmes reaching 400 000 beneficiaries	Beneficiary empowerment programmes implemented	Achieved Beneficiary empowerment programmes implemented and 2 513 beneficiaries reached in 7 provinces	None
	6 councillor training sessions conducted	1 Councillor training session in each province	Partially achieved Councillor training sessions conducted in 6 provinces for 214 councillors	Delay in obtaining approval to develop training programme
Sector institutional capacity development strategies developed and implemented	National Capacity Development Strategy revised to align with Outcome 8	Implement and Maintain the Strategies for Institutional Capabilities Development programme	Achieved. Strategies implemented through: (1) development and implementation of provincial capacity development business plans; and (2) implementation of the South African-Cuban Technical Support Programme Two capacity development strategising sessions held to maintain strategies for institutional capabilities development: 1 with units in Department and 1 provincial departments	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Capacity Development</b>				
Sector Professional Development Framework implemented	Human settlements professional body established	Human settlements professional body established	<p>Achieved Workshop with Unisa and NMMU and meeting with University of Fort Hare on planned degrees in human settlements</p> <p>Engaged South African Housing Foundation on progress with professionalisation process Marketing human settlements qualifications and profession at institutions of higher learning Consultations with the Legal Services on development of Human Settlements Professions Act</p> <p>Consultations with housing institutions on establishment of human settlements professional body</p> <p>Consultations with Department of Higher Education on funding mechanisms for teaching of bachelor's degree in human settlements</p> <p>Consultations with the World Bank Institute on professionalisation and sharing of human settlements global content</p> <p>Approval from minister for the professionalisation of human settlements sector</p> <p>Approval from minister for establishment of Chair in Education in Human Settlements Development Management</p> <p>Clearance from National Department of Higher Education for application from NMMU to offer bachelor's degree in built environment in human settlements development Participated as members in SAHF Western Cape Human Settlements Academic Forum</p>	



Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Capacity Development</b>				
	Scholarship programme implemented	Scholarship programme implemented	<p>Achieved Registration of all scholarship beneficiaries for 2012 facilitated</p> <p>All student invoices processed for payment</p> <p>Human Settlements Scholarship Policy approved</p> <p>Meetings held with provinces and municipalities on placement of students</p> <p>Visits to institutions of higher learning conducted to establish and maintain good working relations, check on academic progress of beneficiaries, and support them</p> <p>Hosted 2011 Retreat Programme (9–11 September 2011) in Eastern Cape</p> <p>Marketing of the scholarship programme at career expos (Orlando Stadium, Soweto; Sandton Convention Centre; and Career Expo for Built Environment). Purpose: to showcase scholarship programme and inform learners of options after matric.</p>	
<b>Sub-programme: Human Settlement Planning</b>				
Collaboration with National Treasury on revision of Framework for National Human Settlements Conditional Grant Business Plan	One National Human Settlements Conditional Grant Business Plan	Maintain Framework for Provincial Human Settlements Planning	Achieved Maintained Framework for Provincial Human Settlements Planning	None
	9 provincial human settlements conditional grant business plans	National Conditional Grant Business Plan submitted	Achieved National Conditional Grant Business Plan submitted to Director-General for approval	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Human Settlement Planning</b>				
Support implementation of human settlements development design and spatial planning at municipal level	9 annual performance plans (APPs)/multi-year human settlements development plans	Support, guide & review Provincial Annual Performance Plans (APP) and district level settlement plans with a view to enhancing the credibility of these plans.	Achieved. Support and Guidance was provided to the provinces on their Annual Performance Plans (APP) and district level settlement plans with a view to enhancing the credibility of these plans.	None
	One Human Settlements Development Plan	Information for compilation of national human settlements development plan provided	Not achieved	Awaiting outcome of turn-around strategy and Human Settlements Green Paper  Other pending priorities  Resource (staff) constraints to undertake project because of moratorium on filling of non-critical posts  Inadequate funding
	N/A	National Human Settlements Development Plan submitted	Not achieved	Awaiting outcome of turn-around strategy and Human Settlements Green Paper  Other pending priorities  Resource (staff) constraints to undertake project because of moratorium on filling of non-critical posts  Inadequate funding
Support implementation of human settlement development design and spatial planning at municipal level	N/A	Targeted support to district municipalities and secondary cities in collaboration with PHSDs guided by IDP and planning cycle	Partially achieved	Targeted support guided by IDP and planning cycle based on requests received from provinces and district municipalities

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Human Settlement Planning</b>				
		Support to district municipalities rendered, as requested	Achieved Targeted support to NW, EC, NC municipalities, via provinces, in respect of housing chapters	None
		Define demand for consolidation training of municipal housing voice  Update and amend training materials as required	Not achieved	
Institutional alignment with other sector departments maintained	N/A	Ensure the effective collaboration with relevant sector departments as the need arises, and co-ordinate the execution of emanating tasks.	Achieved  Effective collaboration maintained with National Treasury	None
Support to provinces municipalities on human settlements development design and spatial planning	N/A	Review progress of guidelines for the human settlements planning and design (Red Book)	Partially achieved  Submission with terms of reference made to DG  Negotiations with CSIR and Swiss Development revived	DDG: SDS advised that updating of Red Book be completed after finalisation of turnaround strategy  Negotiations with CSIR and Swiss Development revived. Work anticipated to commence in new financial year
	N/A	Review Integrated Development Plans (IDPs) of National Programme for Human Settlements Chapters	Partially achieved  Submission made DG	Revision of framework awaiting approval

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Priority Projects Facilitation</b>				
Reports on project steering committee meetings	7 priority projects	Provide strategic and management guidance to provinces, municipalities and implementing agents during and outside of projects steering committee meetings in 7 identified national priority projects	Partially achieved Provided strategic and management guidance in respect of 5 identified national priority projects	Appropriate support and guidance to Lephalale and Duncan Village not provided due to non-performance of province and municipality, respectively
Reports on technical task team meetings	7 priority projects	Provide technical guidance to provinces, municipalities and implementing agents during and outside of technical task team meetings in 7 identified national priority projects	Achieved. Provided technical guidance to provinces, municipalities and implementing agents during and outside of technical task team meetings in 7 identified national priority projects	None
Progress reports on identified national priority projects	4 consolidated quarterly reports	Collate progress reports of 7 identified national priority projects and compile a consolidated quarterly progress report	Achieved Collated progress reports of 7 identified national priority projects and compiled 4 consolidated quarterly progress reports	None
Progress reports on provision of social amenities	4 quarterly reports	Facilitate communication with sector departments to secure provision of social facilities in identified national priority projects	Partially achieved. Facilitated communication with sector departments to secure provision of social facilities in the identified national priority projects (3 quarterly reports produced)	Unit inundated with requests for reports on various aspects resulting in issue of social facilities not being attended to
Submissions on parliamentary questions, enquiries from general public and special assignments	N/A	Provide feedback to parliamentary questions, enquiries from general public and special assignments within set deadlines	Achieved. Provided feedback to parliamentary questions, enquiries from the general public and special assignments within set deadlines	None



Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Programme implementation Support</b>				
Priority lists of blocked projects to receive delivery support	List of blocked projects per province	List of blocked projects per province	Achieved	None
Recovery strategies for 210 projects requiring assistance	12 projects in 3 provinces unblocked 5 projects in 1 province were terminated	30 recovery strategies designed for projects/other matters in need of assistance	Achieved Recovery strategies/recommendations in respect of 91 prioritised blocked projects	4 provinces (EC, MPU, NC, NW) had total of 91 projects on the HSS Blocked Projects Register
Priority lists of slow-moving projects to receive delivery support	27 lists	36 lists, per province, of slow-moving projects in danger of becoming blocked	Achieved 36 lists produced	None
		Reports on identified prioritised slow-moving projects	Achieved. 4 Reports produced in respect of identified prioritised slow moving projects	None
Support projects/matters requiring assistance	7 projects/matters resolved (1st quarter) 5 projects/matters resolved (2nd quarter)	Support/respond to 20 matters/projects requiring assistance Formulate solutions	Achieved. Supported/responded to 34 matters/projects that needed assistance	None
Establish NUSP Capacity Building Programme	38 Municipalities were visited and briefed concerning the NUSP Capacity Building Programme and to Consult on the frameworks for the NUSP Resource Kit.	Support and facilitate implementation of NUSP Capacity Building Programme in 3 provinces and 16 municipalities.	Achieved. NUSP Capacity Building programme was supported and facilitated to 3 Provinces and 16 Municipalities.	None
Establish NUSP IT platform and produce Upgrading Resource Kit to support provinces and municipalities	2 national upgrading workshops conducted to demonstrate draft NUSP IT platform and agree on future operation and management	Manage and maintain NUSP IT platform and facilitate promotion of the resource kit	Achieved. Management and maintenance of NUSP IT platform and facilitation of the promotion of the Resource Kit supported to provinces and municipalities.	None
Support development and provide basic services and secure tenure to households in 30 projects	30 informal settlements projects supported with technical assistance	Provide support and facilitate technical assistance at programme and project level for 30 projects	Achieved. Support and Facilitation of the technical assistance at programme and project level to 30 projects was provided.	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: PHP and rental/social housing</b>				
Compile priority list of informal settlements projects to be provided with basic services and secure tenure for 400 000 households by 2014	50 informal settlements projects supported	Report on annual performance targets report on provision of basic services and secure tenure	Achieved. Annual performance targets report regarding provision of basic services and secure tenure prepared	None
Develop profile of Informal Settlements Atlas	Existing Informal Settlement Atlas	Profile of informal settlements developed by municipalities and COGTA	Achieved	None
Support, assess and monitor development of 20 000 public rental housing units in provinces	4 000	Support delivery of approximately 4 000 public rental housing units and 16 000 private rental housing units in provinces	Partially achieved Delivery of 1 686 public rental housing units and 4 127 private rental housing supported	Limited funding Delays in plan approval Delays in land release Problems to access to well-located land
		Support rental housing programme implementation through development of 3 policy enhancing templates, guide and tools  Provide advice in support of implementation of public and private rental housing projects developed by provinces, municipalities and private sector	Partially achieved 2 policy enhancement tools being developed and have reached different stages  PSC meetings attended to provide advisory support on implementation of public and private rental housing	Capacity constraints prevented development of 1 policy enhancement tool (institutional subsidy)
		Mobilise sector support for delivery on Outcome 8	Achieved Sector support for delivery of Outcome 8 mobilised through the Community Residential Units Reference Group meeting, the National Social Housing Task Teams. Minutes of PSC meetings	None
Support 9 PHSDs in delivery of at least 42 000 units by 2014 pending provincial allocations to implement PHP	Supported delivery of 3500 PHP units nationally by December 2010	Support delivery of at least 7 000 PHP housing units across 9 PHSDs through providing capacity development initiatives, ensuring compliance with policy compliance and providing PHP implementation support	Achieved. PHP Directorate supported delivery of 8 450 PHP housing units in 5 provinces (Mpumalanga: 3 500; KwaZulu-Natal: 1 600; Western Cape: 3 000; Limpopo: 200; North West: 150)	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
Sub-programme: PHP and rental/social housing				
Institutional arrangements for regulating rental housing sector regulation and oversee operations in 9 PHSDs		Support performance of regulatory institutions and institutional arrangements for the rental housing sector	<p>Achieved</p> <p>Developed case management system for processes and procedures of rental housing tribunals</p> <p>Facilitated establishment of tribunals in Eastern Cape</p> <p>Identified areas for amendment in the Rental Housing Act to ensure enhanced implementation</p> <p>Provided assistance to tenants and tenants associations on problems encountered during lease period.</p>	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
Sub-programme: Sanitation				
Revised White Paper on Basic Household Sanitation	Discussion document developed	White Paper revised and submitted for final approval	<p>Partially achieved Version 4.1 of revised White Paper developed</p> <p>5 bilateral meetings held with national departments</p> <p>Presentations from version 2.0 to 4.1 of White Paper made to several committees</p> <p>2 phases of provincial stakeholders' consultations held</p>	Development and submission of final draft of White Paper not achieved owing to shifting of dates for workshop with DWA Functional Management Committee and Civil Society Organisation workshop, as well as need to consult intensively with political structures. Since the roles of DHS and DWA are not clearly designated, process had to be delayed until receipt of DWA inputs on draft. Inputs to be received by end of April 2012

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Sanitation</b>				
Free basic sanitation strategy	Roll-out to 11 WSAs	Roll-out to 20 WSAs	Partially achieved Free basic sanitation rolled out to 16 WSAs Free Basic Sanitation Implementation Guideline developed Draft 1 of 3 free basic sanitation best practices completed Draft 1 of FBS and international benchmarking completed Draft 1 of guide for inclusion of free basic sanitation into WSDP completed	Non-availability of municipalities
Number of rural households served in terms of RHIP	11 000 households	33 000 households	Partially achieved 18 000 household served in terms of RHIP	Implementation of 2011/12 programme delayed owing to service providers' still completing 2010/11 work
Engineering support provided to 30% municipalities with MIG projects	30% municipalities supported regarding MIG funds allocations	Engineering support to 30% municipalities with MIG projects	Achieved Engineering support provided to 30% municipalities with MIG projects	None
	Sector capacity building programmes developed and implemented	No baseline studies	Achieved 8 targeted municipalities (2 010 individuals) trained to access skills development grant Funding proposal drafted and submitted Lessons shared among all regions during bi-annual meetings to track progress on training Research institution supported during research on community acceptance of mobile communal toilets in informal settlements of Eastern and Western Cape	None
	Effective monitoring, evaluation and reporting of the sanitation programmes	2010/11 sanitation delivery annual report	Achieved, 2011/12 sanitation delivery annual plan	None
Percentage of health and hygiene (H&H) activity plans developed, implemented and reviewed	70% of targeted communities reached	100% of provinces supported with implementation and review of H&H activity plans	Achieved, 100% of the provinces supported with implementation and review of H&H activity plans.	None
	Percentage of communities and stakeholders reached in respect of user education programme	100% of targeted communities reached	Achieved, 100% of the planned communities targeted for user education were reached	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Sanitation</b>				
	Desktop analysis to establish baseline information to inform targeted advocacy programme	Baseline analysis conducted in 9 provinces to inform targeted advocacy interventions	Achieved, baseline analysis conducted in the 9 provinces to inform targeted advocacy interventions. Councilor induction booklet complete  Benchmarking on SADC countries and in South Africa municipalities done	None
	Policies, tools and guidelines disseminated to 31 DMs and 84 WSAs	11 DMs and 41 WSAs	Achieved, 11 DMs and 41 WSAs	None
Regulate compliance with sanitation norms and standards	26 municipalities assessed	10 municipalities assessed	Achieved 53 municipalities assessed	Problematic (ageing, spilling and overloaded) WWTPs have to be visited despite the planned target/number for the month.  Sewer upgrades, revision of ground water protocol which were unforeseen during the time of planning
Adopt integrated environmental management approach for location, selection, design, construction and operation of all sanitation works with special attention to sewerage treatment plant and sludge	26 municipalities assessed	20 municipalities assessed	Achieved, 20 municipalities assessed	None
Approved Liaison and Community Mobilisation Strategy	Revision and updating of strategy to ensure maximum consultation and implementation	Strategy revised in terms of beneficiary perceptions and implementation	Achieved, Strategy revised following beneficiary perceptions and implementation	None
100% Implementation Framework Develop for Job Creation	13 support plans developed	Support plans revised in line with mid-term municipal IDP  200 jobs created through NSPU support	Achieved, revised Support Plans in line with Mid Term municipal IDP  Achieved, 3,927 jobs created through NSPU support	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Sanitation</b>				
Support SMMEs/ corporatives to register on municipal databases	100% of SMMEs supported	20 SMMEs registered on municipal databases	Not achieved. 20 SMMEs not registered on municipal databases	Some municipalities still busy cleaning up their databases
Put 100% of youths through Learnership Programme	250 youth strained	100 youth trained	Not achieved	MoU developed but still to be signed by NDHS management
<b>Sub-programme: Stakeholder Management</b>				
Manage cooperation and involvement of stakeholders in programmes		Reviewed Social Contract for sustainable human settlements objectives implemented	Partially achieved Reviewed Social Contract in partnership with Professional Bodies at National Human Settlements Vision 2030	Review outcomes require redrafting of Housing Act
		Targeted partnership agreements with sector stakeholders concluded.	Not achieved	
		Support to stakeholders' forums and related task team provided.	Achieved Support provided in respect of Youth Summit, Women's Build Task Team (Free State), Brandwag Social Housing Meeting (Mangaung), Military Veterans Meeting	None
		Stakeholders' Update bulletin circulated to all stakeholders quarterly.	Partially achieved	Journal 4 to be circulated in April 2012
		Stakeholder database updated	Achieved Stakeholder database updated.	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Stakeholder Management</b>				
Manage empowerment programmes in support of women and youth		Women in Human Settlements Programme implemented	Partially achieved Women in Human Settlements Programme not implemented  Report on 30% participation quota by women-owned entities not completed	Provincial Departments do not capture the data on HSS as they appoint contractors, the NDHS is therefore unable to collate provincial data on Women contractors in provinces  Implemented a National Women Economic Empowerment session hosted by Deputy Minister  MOU with SAWIC on women's participation in human settlements Developed  Women's Build implemented in Free State Province, China City  100% (55) houses delivered for Women's Build through public private partnerships  Implementation of special house builds with department of Public Works on in Gombani village, Limpopo  Coordinated partnership project implemented by Afrisam in handing over twenty four (24) houses to destitute families in Ladysmith, Kwazulu Natal
Implement Emerging Contractors Support Programme		Mentorship programme implemented	Not achieved	Implementation of mentorship programme pending national emerging contractor conference
		Human settlement projects delivered during Women's Month	Achieved Women's Build implemented in Free State: 100% of houses (55) delivered through public private-partnerships  408 housing units handed over in China Square	None



Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Stakeholder Management</b>				
		YIH programme implemented	Partially achieved Facilitation done in Gauteng, Mpumalanga and Eastern Cape	Implementation of the programme not facilitated in all provinces.
		Human settlement projects delivered through youth initiatives during Youth Month	Achieved Youth Build 2011 held at Molemole Municipality (Limpopo)	None
		Plan annual working session with youth groups	Achieved National Youth Summit held on 21 to 22 July 2011 in KwaZulu- Natal	None
		Support given to annual military veterans build	Partially achieved Specifications for houses finalised and MoU drafted through consultative process	Relationship with Department of Defence and Military Veterans to be formalised
	All Provincial Emerging Contractors Conferences hosted	Implementation of Emerging Contractors Conference outcomes	Partially achieved Provincial conferences held	Framework of engagement Developed Discussion regarding the roll-out plan held on the 13 Jan 2012.
Public Private Partnership Collaboration agreements implemented	Implementation of DBSA, Intersite and Anglo Platinum agreements	Public- Private Partnership Guidelines developed and implemented	Implemented signed agreements with private and Provincial Departments	None
National and Provincial Human Settlements Awards Planned	Annual awards coordinated	Annual Awards organised	Achieved. Minister approved the hosting of the Awards in January 2012, National Awards to be hosted on the 31 May 2012.	None
Provide project management support to departmental projects and programmes	Impala Platinum, NHFC and North West Province Project launched  Women's Builds and Youth Builds supported	Departmental programmes such as builds and project launches supported and managed	Achieved. <b>Quarter 1</b> Youth Summit 20-21 Jul 2011 <b>Quarter 2</b> Women's Build August 2011 <b>Quarter 3</b> Legacy Project 29 Sept 2011 Anglo Platinum Northarm Project 28 Nov <b>Quarter 4</b> Eastern Cape Social Housing Project 13-14 Feb 2011  Klarinet Integrated Development National Priority Project in Mpumalanga on 9 March 2012. Jabulani Community Residential Units launch on the 29 March 2012.	None



### Changes to planned targets

The Department experienced challenges in implementing the Military Veterans Build. The unit collaborated with the Department of Defence, Military Veterans and the provinces to create a foundation for activities directed towards military veterans. A DHS-DOD and Military Veterans Memorandum of Understanding (MOU) was drafted and submitted to the Director-General for signature. The Military Veterans Build target was moved to the 2012/13 financial year.

The Human Settlement Planning Sub-Programme was not able to achieve all its targets for various reasons, including:

- The finalisation of the Department's turnaround strategy;
- The moratorium on the filling of non-critical posts; and
- The re-prioritisation and shifting of funds to other sub-programmes within the Branch.

The sub-programme consequently had to carefully reconsider its priorities and honour critical commitments for the period under review.

## 2.2.4 Programme 4: Housing Development Finance

### Purpose

Programme 4 funds housing and human settlement development programmes, and provides financial and grant management services. It also promotes investment in housing finance, mobilises and promotes financial integrity within housing institutions and manages all matters provided for by the Home Loan and Mortgage Disclosure Act.

### Strategic objectives

The strategic objectives for the programme are as follows:

- **Financial Services:** To provide financial administration, supply chain management services and provincial debtors support;
- **Funds Management:** To provide overall budgetary and grant management services; and
- **Housing Equity:** To promote investments in sustainable human settlements and administer the Home Loan and Mortgage Disclosure Act.

### Performance indicators and targets

The department has managed to submit all Treasury returns including the quarterly Interim Financial Statements which, for the first time, had to be submitted in respect of every quarter of the financial year. An unqualified audit report with emphasis of matters was provided by the Auditor-General. Much work was done in assisting provinces with the successful execution of their data clean-up plans, thus enabling them to devolve properties and transfer others to occupants. As a result, two provinces (Northern Cape and Limpopo) were finalised and consequently three more provinces are in a better position to finalise their plans during 2012/13.

Processes of the budget and the adjustment budget were undertaken successfully. The Human Settlements Development Grant for provinces was allocated an amount of R14,9 billion for the 2011/12 financial year. All funds allocated were transferred to the provinces and preliminary indications are that the provinces managed to spend R14,7 billion (97%). The year under review was the first time that the Department managed the Urban Settlement Development Grant which received an allocation of R6,2 billion. The amount was transferred to metros in terms of the DoRA.

Four non-executive members of the Office of Disclosure were appointed in the year under review, including the finalisation of the appointment of the chairperson in terms of the HLAMDA. All financial information submitted by financial institutions for the 2010/11 financial year was analysed. A total of 314 affordable units were delivered as part of Phase II of the Employer Assisted Housing initiatives between the Department, the NHFC and Angloplat. This contributed towards the achievement of Outcome 8 targets.

**Table 13: Programme 4: Housing Development Finance**

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Financial Services</b>				
Approved annual financial statements	3 interim financial statements and annual financial statements approved	Submission of approved interim and annual financial statements	3 interim financial statements and annual financial statements approved by management	None
Departmental reports on logistics, procurement and transport services	Departmental reports on logistics, procurement and transport services compiled and submitted to management	Departmental reports on logistics, procurement and transport services	12 final stocktaking reports from March to February 2011/2012  12 recons between BAS and Logis from March to February 2011/2012  12 reports on appointment of consultant from March to February 2011/2012  Quarterly reports on transport services	None
Number of reports on system support provided	4 quarterly reports on system support provided and submitted to management	Management reports on debtor system support provided	4 reports on system support provided and submitted to management	None
<b>Sub-programme: Funds Management</b>				
Approved MTEF budget	Budget approved	2012 Medium Term Expenditure Framework budget approved	2012 Medium Term Expenditure Framework budget approved	None
Percentage of funds transferred	100% of funds transferred to provinces	100% of funds transferred	All funds transferred to provinces for the Human Settlements Development Grant	None
<b>Sub-programme: Housing Equity</b>				
Provide secretariat function for Office of Disclosure in terms of the Act	2 reports produced	4 reports on secretariat functions for Office of Disclosure in terms of the Act	4 reports produced	None
	3 reports produced on analysis of information by financial institutions to detect lending patterns and practices on home loans	3 reports on analysis of information submitted by financial institutions to detect lending patterns and practices on home loans	3 reports produced on analysis of information by financial institutions to detect lending patterns and practices on home loans	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
Sub-programme: Housing Equity				
	Annual report on performance and ratings of financial institutions compiled and submitted to management	Annual report on performance and ratings of financial institutions	Annual report on performance and the ratings of financial Institutions	None
Promote investments in sustainable human settlements	Report on draft ODA strategy	1 report on implementation of Official Development Assistance (ODA) Strategy	1 report on implementation of the Official Development Assistance (ODA) Strategy	None
	Report on number of houses delivered through pension-backed fund	1 report on number of houses delivered through pension-backed fund	1 report on number of houses delivered through pension-backed fund	None
Facilitate increased supply of affordable housing finance	1 report on progress of guarantee fund	1 report on progress, implementation and number of units backed by guarantee fund	1 report on progress, implementation and number of units backed by guarantee fund	None
	2 reports on Employer Assisted Housing (EAH) facilitated	2 reports on Employer Assisted Housing (EAH) facilitated	2 reports on Employer Assisted Housing (EAH) facilitated	None
	4 reports produced on engagements with financial institutions and/or other stakeholders related to HLAMDA	4 reports on engagements with financial institutions and/or other stakeholders on investments in human settlements	4 reports on engagements with financial institutions and/or other stakeholders on investments in human settlements	None

#### Changes to planned targets

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

### 2.2.5 Programme 5: Strategic Relations and Governance

#### Purpose

Programme 5 coordinates the Department's mandate within the intergovernmental relations framework, manages international relations, promotes good governance practices within the department and its public entities, and provides timely and integrated business information to the Department.

## Strategic objectives

The strategic objectives for Programme 5 are as follows:

- To provide oversight management of housing entities, including monitoring, analysing and reporting on financial and non-financial performance and corporate governance;
- To provide systems for sector business processes to support the achievement of the targets for Outcome 8;
- To provide data and information management support for Outcome 8;
- To provide GIS Support Services and make available human settlement information products;
- To manage the development and monitor the implementation of the Departmental strategic and performance plans;
- To facilitate and enhance coordination and alignment for the creation of sustainable human settlements and improved quality of household life through intergovernmental relations;
- To establish and maintain international partnerships and best practice in support of the development of sustainable human settlements with emphasis on informal settlements upgrading, affordable rental accommodation, and affordable housing finance;
- To develop and manage transformation programmes in compliance with the national policy framework, international human rights instruments and directives in support of Outcome 8, as well as Outcomes 4, 9 and 12; and
- To manage communication, public relations functions and promote an understanding of Outcome 8.

## Performance indicators and targets

In the year under review, the sub-programmes under Programme 5 achieved their stated objectives. Performance information on indicators and targets are given in table 14 on page 72. Significant achievements of targets are discussed below.

A significant achievement for the Branch was the approval of the strategic plan for all housing entities by the minister. These were augmented by the signing of six SLAs between the minister and the entities. The approved strategic plans and SLAs provide a commitment from the housing entities with respect to planned targets, supported by their respective boards' assurance to the minister that they will meet their service delivery targets. A total of five performance analysis reports were produced, which monitor the financial and service delivery performance of the entities. Furthermore, two consolidated reports on governance status, risk management, compliance and contribution to government priorities were produced. These reports detail progress made by the entities in respect of compliance, policy advocacy, risk management and corporate governance.

Significantly, the branch was able to process all funding requests for the entities to ensure greater development impact in the areas where they operate. Moreover, the branch conducted two oversight visits in the financial year, and subsequently produced two oversight visit reports. This enabled the Department to verify information and to experience firsthand the impact of the work of housing entities. The establishment of the new entity, the Community Scheme Ombud Service, is at an advanced stage and will be completed in the first quarter of the 2012/13 financial year.

The Sub-programme: Management Information Services ensures that systems are made available to the user community, and that data is used to develop information products to support human settlement development and the achievement of Outcome 8, especially in relation to the upgrading of informal settlements.

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

Information products were compiled for distribution. The National Informal Settlements Atlas, which is used as an information tool to support the achievement of Outcome 8, was updated during the year. As a new initiative, GIS support was extended to the municipal sphere.

The Departmental annual report on the implementation of the approved Departmental strategic and annual performance plans, 2010/11 was tabled in parliament.

Key structures and processes were put in place by the branch to give effect to the Delivery Agreement for Outcome 8. Key to this was ensuring that the required implementation forums were properly synchronised with cluster meetings and, importantly, that detailed progress information was presented to the implementation forums for their input and approval. The Fifth Programme of Action Progress Report for Outcome 8 was submitted to the presidency, and tabled to and accepted by cabinet within the required timeframes. Amid-term review report was submitted to the Department of Performance Monitoring and Evaluation in the Presidency and was subsequently submitted at the January 2012 Cabinet Lekgotla.

The Delivery Agreement for Outcome 8 was refined and consulted on with all sector stakeholders before being accepted by the Department of Performance Monitoring and Evaluation. The Sustainable Human Settlements and Basic Services Task Team (SHS&BSTT) continued its mandate of ensuring the regular reporting of progress on key targets as specified in its Joint Work Programme which reflects the work of nine sector departments coordinated around human settlements and access to basic services. The task team was convened three times during the year under review. The task team also reported on:

- Rapidly growing towns and cities;
- The Informal Settlement Upgrade Programme in the 45 municipalities;
- The 23 rural municipalities identified by the Cabinet Lekgotla of June 2011; and
- The Report by the Presidential Infrastructure Commission on SIP 7 (Integrated Urban Space and Public Transport Programme).

The branch played a key role in supporting the Outcome 7 Delivery Agreement. This was done by providing support to the Department of Rural Development and Land Reform in its meetings with the mayors, municipal managers, and planning officials from the 22 rural municipalities identified by the July Cabinet Lekgotla as priorities with regard to increasing access to basic services. This involved being part of teams that visited the identified municipalities across the country. In the year under review, Outcome 8 was on the agenda of the National Department of Human Settlements (NDHS)/South African Local Government Association (SALGA) Councillor Induction Programme in all nine provinces. The programme will be continued in the new financial year.

In the area of municipal accreditation, the capacity and compliance panel was re-established and resumed the process of assessing municipalities in May 2011. The initial phase began with the identification of municipalities to be prioritised for accreditation and thereafter the assessment of their states of readiness. During the 2011/12 financial year a total of 20 municipalities in Mpumalanga, Limpopo, Northern Cape, KwaZulu-Natal and North West were assessed and are now in the process of being accredited for level one and level two pending the approval of the report findings and the recommendations thereof by the respective MECs.

The CCAP completed the following work to guide the accreditation process:

- Produced an overall framework aligning the process to government instruments;
- A road map that outlines the key processes to be undertaken by the parties;
- A legislative review of powers, functions and delegations;
- A monitoring and evaluation tool and toolkit; and
- Consideration of an operation funding model for accredited municipalities.

The rationale for accreditation is based on government's commitment to enhance the role of local government in the creation of integrated and sustainable human settlements and to promote cooperative governance among all spheres of government.

In terms of Outcome 8 and interdepartmental cooperation, a mid-term report was submitted to the Department of Monitoring and Evaluation (DPM&E) in the presidency on Outcome 8. The DPM&E made inputs to report and these were submitted to the January 2012 Cabinet Lekgotla as part of its midterm review. The Fifth Programme of Action Progress Report for Outcome 8 was submitted to the presidency and tabled to and accepted by cabinet within the required timeframes. The presidency led a refinement process for the Outcome 8 Delivery Agreement. The process was managed by the Directorate: Monitoring and Evaluation. The required submissions on the Programme of Action (POA) Progress Report were made to the Director-General, MINMEC, MINTOP and the Executive Management Team (EMT).

The activities of the Sustainable Human Settlements and Basic Services Task Team were facilitated by the activities of a core group of officials from COGTA, DHS, DWA, DoE, DMR, and the DRDLR. In the year under review, the task team met and reported on:

- Rapidly growing towns and cities;
- The Informal Settlement Upgrade Programme in the 45 municipalities;
- The Progress Report on the 23 rural municipalities identified by the Cabinet Lekgotla of June 2011; and
- The Report by the Presidential Infrastructure Commission on SIP 7 (Integrated Urban Space and Public Transport Programme).

The Joint Work Programme (JWP) was further consulted on to ensure that key inputs from the Department of Water Affairs receive consideration.

The following key areas were noted or approved:

- Fifth POA progress report for Outcome 8 approved;
- The Sanitation Unit is reviewing the White Paper on Sanitation and will draft a cabinet memorandum on completion of the review;
- Provinces are to be consulted on the release of state land by the Housing Development Agency, including land owned by state enterprises; and
- The Ministers of Human Settlements, Public Enterprises, and Public Works are to meet to discuss matters relating to state-owned land.

The branch, through its Intergovernmental (IGR) and International Relations Programme, coordinated the third quarter provincial performance reviews. This session was held to assess the financial and non-financial performance of the provinces in relation to the Human Settlements Development Grant, as required in terms of the Housing Act. This engagement with the provinces assists the Department in ascertaining progress on the provinces' Outcome 8 deliverables.

With regard to disaster management, the branch developed a reporting template for provinces with the assistance of the Planning Unit. The funding requests received from KwaZulu-Natal, Mpumalanga, Limpopo and Western Cape for disasters that occurred during 2011/12 was forwarded to and discussed with the National Disaster Management Centre (NDMC). The NDMC is engaging with National Treasury on the matter.

The branch coordinated a workshop with the National Planning Commission to discuss chapter 8 (Transformation of Human Settlements) of the National Development Plan. The meeting was attended by officials from the National Department, provincial human settlements departments and metropolitan municipalities.

The branch, through the Directorate: International Relations, implemented its international programme as planned. The directorate facilitated a series of study visits to support implementation of the human settlements

vision 2030 as approved by the minister. The Department undertook a study visit to the Kingdom of the Netherlands and participated in the Annual Review Meeting. The delegation was led by the Deputy Minister of Human Settlements in November 2011. A cooperation agreement was signed with the Netherlands. The directorate coordinated continued implementation of the cooperation arrangement through an Annual Implementation Plan. A series of workshops was organised in terms of the cooperation arrangement and Oversight Committee meetings were hosted to monitor implementation of the programme. The 2012 Annual Implementation Plan and its project proposals were discussed and revised accordingly for submission to the Dutch Oversight Committee in February 2012 for consideration. The Department of Human Settlements also hosted an internal meeting to engage on those outcomes of the visit that had policy and to strengthen the role of the Department in the cooperation agreement.

The Department continued to manage the risks around implementation of the Danida-funded project on energy efficiency measures in low-income housing in N2 Gateway. The Department of Human Settlements, in consultation with its stakeholders, had requested extension of the project owing to delays in the construction of houses in the Joe Slovo 3 precinct. The project was extended to the next financial year and is expected to be completed in April 2013. The Department appreciates the cooperation of the Danish Embassy in this regard is looking towards fast-tracking the completion of the houses to enable the installation of solar geysers.

The Department of Human Settlements also undertook a study visit to Cuba in July 2011. During the visit new Cuban technical advisors were recruited for deployment in the Western Cape, Mpumalanga and in the National Sanitation Unit. During the visit the Department presented its intentions to review the bilateral agreement signed between the two countries in view of the changed mandate of the Department of Human Settlements and to incorporate newly proposed areas of cooperation. The Department is still engaged in reviewing the bilateral agreement with Cuba to extend it beyond 2014.

In respect of the IBSA programme, the working group adopted a schedule of debating sessions and each country prepared and submitted a proposal for the sessions. The directorate prepared the terms of reference of an anchor institution that will *inter alia* facilitate future debating sessions, maintain the website of the working group, and link up with the anchor institutions from the two other countries. The unit coordinated inputs and participation in the sessions on e-learning and involuntary resettlement. As a result, the three countries could identify best practices, challenges and best possible solutions.

The directorate facilitated the visit and participation of the Department in the 4th Session of the BRICS Summit held in India from 28 to 29 March 2012. The Departmental delegation was led by the Deputy Minister of Human Settlement, Ms Zou Kota-Fredericks. The summit was a closed session and was divided into two clusters, namely:

- Global Governance; and
- Sustainable Development and Green Economy.

The Department formed part of the Sustainable Development and Green Economy cluster where it contributed to the issue of challenges posed by rapid urbanisation, including increased competition for diminishing land resources and rapidly growing slums growth.

The Deputy Minister of Human Settlements undertook a study visit to New Delhi and Mumbai from 23 to 27 January 2012. The tour formed part of the Department's proposed study programme because India and South Africa share similar experiences and approaches in respect of slum upgrading, land tenure security, housing solutions and the eradication of poverty. At the same time, the Deputy Minister was taken on an exposure tour of slums in Mumbai, Pune and New Delhi at the invitation of Slum Dwellers International (SDI).

South Africa was invited to the AMCHUD IV Conference held from 19 to 24 March 2012 in Nairobi, Kenya with the theme 'Territorial planning and access to basic services for all: Implications of climate change for territorial

planning and access to basic services'. The conference had two parts, namely the Expert and Technical Group Meeting on 20 and 21 March, followed by the Ministerial Meeting on 22 and 23 March.

The Department held a work session with USDG to formulate a report template for metros' non-financial quarterly performance. A work session was also held with the Presidency and National Treasury to finalise USDG policy and incorporate their inputs into the USDG policy framework for 2011/12. The Department prepared the evaluation report in terms of DoRA and submitted it to National Treasury. The Department also held one-on-one sessions with metropolitan municipalities eligible for USDG funding. HoDs of the PHSDs were also invited to the sessions. The sessions resulted in the drafting of a delivery agreement between metros and provinces with regard to USDG funding.

The Chief Directorate organised the Cities Budget Forum on behalf of National Treasury. From 9 February to 27 March 2012 the Department, together with National Treasury, conducted midyear budget and performance assessment visits to municipalities. Issues of poor expenditure performance were raised and challenges identified.

It was proposed that the Department, through the Project Management Unit, establish a team to assist the metros in addressing the challenges they face. The 8th draft USDG policy was reviewed up to the 11th draft and was then handed the Policy Unit for assessment and approval. Lastly, the unit consolidated the refinement of key performance indicators and submitted them to National Treasury for consolidation with municipalities' reporting template.

The Directorate: Sector Transformation coordinates and manages sector transformation programmes applicable to the Department.

The branch, through the Directorate: Corporate Communications conducted social facilitation interventions in various municipalities. These interventions were used as an opportunity to focus on special programmes (People with disabilities, the elderly, children, women and other vulnerable groups), HIV/Aids and TB awareness, and rolling out the Know Your Service Rights Campaign.

The attached annexure provides a synopsis on how achievement of targets contributed towards achieving the department's outcomes.

In the branch, the purpose of the Directorate: Corporate Communications is to provide integrated marketing communication support services to internal clients, as well as to external sector organisations. The Directorate comprises three sub-directorates, namely Internal Communication, Events Management and Production and Design. The sub-directorates perform the following functions:

- Managing, developing and disseminating accurate, fair and reliable information to internal stakeholders; managing of the Department's call centre and helpdesk by facilitating provincial and municipal responses to public inquiries; and managing the drafting of responses to parliamentary questions. Our call centre is rated among the best in resolving public inquiries as reported in the presidential hotline reports and provides the public with access to the Department.
- Managing, planning and coordinating the implementation process for all ministerial and Departmental events and ensuring that the image of the Department is enhanced through professionally delivered events.
- Managing, planning and coordinating the Department's production and design plans aimed at assisting internal and external stakeholders through correct branding, styling and proof reading of all publications and branded items in accordance with the corporate identity and the branding guideline as approved by cabinet; and managing and maintaining an up-to-date photo library.



The directorate's support function to other units of the Department is reflected in all successful events, projects and campaigns undertaken.

**Corporate Communication:**

- Enhanced internal communication through procuring two electronic communication devices (Touch Screens) and 18 brochure stands;
- Planned and coordinated the Minister's Budget Address;
- Supported activities during Youth Month;
- Supported Women's Month activities in Brandfort, Free State;
- Managed the timely submission of the annual report;
- Supported the launch of Each-One-Settle-One Campaign (Northam Housing Project launch);
- Participated in other government forums intended to enhance interdepartmental communication such as the social cluster meetings, the Human Settlements Communicators' Forum and GCIS workshops.

The purpose of the Directorate: Public Information and Marketing is to promote public awareness and knowledge of human settlements programmes, developments, achievements and challenges in all relevant target audiences in the country and abroad.

The Directorate: Public Information and Marketing comprises two sub-directorates, namely Public Information and Marketing. These sub-directorates perform the following functions:

- Managing and implementing the development of communication policies, strategies and plans;
- Development and implementing education awareness campaigns;
- Conducting and facilitating public information and education campaigns and developing publications for public consumption;
- Implementing effective marketing strategies;
- Managing the Department's corporate branding and profiling.

The Directorate creatively conceptualised and coordinated visible external marketing and branding campaigns while disseminating information to beneficiaries to make sure they are informed about the Government's human settlements programme. Highlights include:

- Publishing generic beneficiary booklets;
- Continually reviewing and redesigning the website;
- Conducting face-to-face beneficiary campaigns;
- Showcasing the human settlements brand on various platforms;
- Executing various communication campaigns, such as Each One Settle One; and
- Erecting site boards at all the Department's priority projects.

The Directorate: Media Services provides a comprehensive media service and communication campaigns management service to the Department and its stakeholders. The Directorate comprises three sub-directorates, namely Media Relations, Communication Campaigns Project Management and Media Research. The sub-directorates perform the following functions:

- Managing the development and implementation of the Departmental and Ministerial Media Policy Strategy; implementing the Departmental and Ministerial Media Programme; coordinating and managing media events; and drafting media releases and briefing documents.
- Conducting and coordinating communication and media research; conducting daily media monitoring; reviewing and providing advisory services to provinces, local government and human settlements institutions.
- Facilitating and coordinating communication project campaigns across the human settlements sector; supporting and project managing their implementation; monitoring and reviewing the implementation of decisions and strategies of the Human Settlements Communicators' Forum.

The Directorate provided support to the Ministry and the Department by making sure that our vision, mission and programmes are understood by the media and the general South African public. This was achieved through the following platforms:

- The Human Settlements Indaba;
- The Minister's Budget Vote;
- Jabulani Hostel launch;
- Klarinet Integrated Housing launch;
- NHBRC Human Settlements Legacy Project;
- Ministerial Sanitation Task Team announcement; and
- Southernwood launch in East London

The Directorate also made sure that the Human Settlements Communicators' Forum, a meeting of national, provincial and human settlements institutions communicators, was revived and given a new focus.

**Table 14: Programme 5: Strategic Relations and Governance**

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Entities Governance and Oversight</b>				
Approved strategic plans and budgets of housing entities aligned to Outcome 8 objectives	6 approved strategic plans for 2010/11	6 strategic plans approved by minister	6 strategic plans approved by minister	None
Number of performance monitoring reports produced (financial and non-financial)	<ul style="list-style-type: none"> <li>• 3 quarterly performance monitoring reports produced</li> <li>• 1 midyear performance monitoring report produced</li> <li>• 1 annual performance monitoring report produced</li> </ul>	<ul style="list-style-type: none"> <li>• 3 quarterly performance monitoring reports</li> <li>• 1 midyear performance monitoring report</li> <li>• 1 annual performance monitoring report</li> </ul>	<ul style="list-style-type: none"> <li>• 3 quarterly performance monitoring reports</li> <li>• 1 midyear performance monitoring report</li> <li>• 1 annual performance monitoring report</li> </ul>	None
Percentage of transfer of funds requests evaluated	100% of funds requested evaluated	100% of funds requested evaluated	100% of funds requested evaluated	None
Number of oversight visit reports on housing entities produced	1 report on verification visits to housing institutions produced	2 oversight visit reports on housing entities produced	2 oversight visit reports on housing entities produced	None
Number of housing entities established or dissolved	Social Housing Regulatory Authority (SHRA) established	1 housing entity established	1 housing entity listed  Entity not been established, but process is at advanced stage and will be completed in next quarter	Awaiting minister's appointment of Nomination Committee who will appoint board of new entity. Subsequent to appointment of board, all outstanding administrative activities will be finalised to ensure establishment and operationalisation of new entity

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Entities Governance and Oversight</b>				
Number of submissions recommending approval of SLAs with housing entities submitted to minister	4 shareholder contracts submitted to minister for approval	6 SLAs submitted to minister for approval and signature	6 SLAs submitted to minister for approval and signature	None
Number of Compliance reports to relevant legislations on housing entities	Reminder letters for submission of quarterly reports and strategic plans approved and sent to entities	2 Reports on compliance produced	2 Reports on compliance produced	None
Number of reports on evaluation of the performance boards of housing entities	No report was produced	1 Boards evaluation Report produced	No Board Evaluation Report Produced, to be produced in the next quarter	The target incorrectly captured. Human settlements entities only produce and submit board evaluation reports at end of financial year (31 March). Therefore, report can only be produced in first quarter of 2012/13
Number of reports on housing entities governance status produced	2 comprehensive reports on governance of housing	2 reports on governance status of housing entities produced	2 reports on governance status of housing entities produced	None
Number of reports on risk management by housing entities	1 analysis report on risk management by housing entities produced and submitted to DG for noting and/or actioning where necessary	2 reports on risk management by housing entities produced	2 reports on risk management by housing entities produced	None
Number of monitoring reports on contribution of housing entities to government priority areas	1 report on contribution of housing entities to government priority areas produced and submitted to DG for noting and/or actioning where necessary	One (1) monitoring report on the contribution of housing entities to government priority areas produced	2 monitoring reports on the contribution of housing entities to government priority areas produced	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
Sub-programme: Strategic Management				
Manage development of Departmental strategic and performance plans	Departmental strategic and performance plans approved	Approved Departmental strategic and performance plans	Approved departmental strategic and performance plans	None
Provide strategic management support to transversal functions of the Department	4 Departmental strategy management compliance reports produced and submitted	4 Departmental Strategy Management Compliance reports	4 Departmental Strategy Management Compliance reports	None
Approve Departmental Annual Performance Report on implementation of the Departmental strategic and annual performance plans	1 Departmental Annual Report compiled on 2009/10 implementation of Departmental strategic and annual performance plans	Approved Departmental Annual Performance Report compiled on 2010/11 implementation of the Departmental Strategic and Annual Performance Plans	Approved Departmental Annual Performance Report was compiled on 2010/11 implementation of the Departmental Strategic and Annual Performance Plans	None
Number of Departmental quarterly performance reports on implementation of the Departmental Annual Performance Plans consolidated	Four (4) Departmental quarterly performance reports on implementation of the Departmental Annual Performance Plans consolidated	Four (4) Departmental quarterly performance reports on implementation of the Departmental Annual Performance Plans	Four (4) Departmental quarterly performance reports on implementation of the Departmental Annual Performance Plans were consolidated and submitted to the Accounting Officer	None
Departmental annual performance evaluation report on implementation of the Departmental Strategic and Annual Performance Plans compiled	1 Departmental annual performance evaluation report, 2009/10 on implementation of the Departmental Strategic and Annual Performance Plans compiled	1 Departmental annual performance evaluation report, 2010/11 on implementation of the Departmental Strategic and Annual Performance Plans compiled	1 Departmental annual performance evaluation report, 2010/11 on implementation of the Departmental Strategic and Annual Performance Plans was compiled and submitted to the Accounting Officer	None
Number of Departmental performance evaluation reports on implementation of Departmental Annual Performance Plans compiled	Four (4) Departmental performance evaluation reports on implementation of Departmental Annual Performance Plans compiled	Four (4) Departmental performance evaluation reports on implementation of Departmental Annual Performance Plans compiled	Four (4) Departmental performance evaluation reports on implementation of Departmental Annual Performance Plans were compiled and submitted to the Accounting Officer	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Intergovernmental and International Relations</b>				
Number of municipalities assessed for accreditation	None	9 municipalities assessed for accreditation support for level 2	The target was achieved and even exceeded as the number of Municipalities that were assessed is 17.	8 more Municipalities were assessed as the result of the expertise of the Panel and also the preparation of the Municipalities through the pre-assessments which were undertaken.
Post-accreditation monitoring and evaluation of accredited municipalities	None	Level two accreditation post monitoring and evaluation to 8 municipalities	The post accreditation monitoring and evaluation to 8 Municipalities is a rigorous and continuous process.	None
Facilitate IGR coordination on human settlements	None	Jointly convened with DeCoG two human settlements basic services task team meetings	Two human settlements basic services task team meetings jointly were convened with DeCoG as planned.	None
Number of reports on implementation of PoA under Outcome 8	None	3 quarterly reports on implementation of the PoA under Outcome 8	3 quarterly reports on implementation of the PoA under Outcome 8 submitted.	None
International Relations Engagement Programme for Department of Human Settlements	None	Facilitate and Manage Programme on International and Relations for 3 engagements	International Relations programme developed and implemented	None
Facilitate South African participation on sustainable human settlements in multilateral and African human settlement forums	3 inputs to multilateral and African human settlements agenda submitted	Facilitate 3 engagements with and/or in regional and international forums	Three (3) engagements with regional and/or in international forums facilitated.	None
<b>Sub-programme: Transformation</b>				
Coordinate and manage organisational transformation programmes	None	Annual report on implementation of Department's Organisational Transformation Programme 5 compiled and submitted to executive management	Annual Report on implementation of the Departmental Organisational Transformation programme compiled	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Transformation</b>				
Coordinate and manage sector transformation programmes applicable to Department	None	Annual report on coordination and management of sector transformation programmes compiled and submitted to executive management	Annual report on the coordination and management of the Sector Transformation programme compiled and submitted.	None
<b>Sub-programme: Management Information Services</b>				
Percentage of systems provided for budgeting and planning	100% Systems provided for budgeting and planning <ul style="list-style-type: none"> <li>• 4 Reports on the identification and analysis of need</li> <li>• 4 Reports on development and implementation of systems</li> <li>• 4 Reports on support and training provided on systems</li> </ul>	4 reports	4 reports on systems for budgeting and planning	None
Percentage of systems provided for project management	100% Systems provided for project management <ul style="list-style-type: none"> <li>• 4 Reports on the identification and analysis of need</li> <li>• 4 Reports on development and implementation of systems</li> <li>• 4 Reports on support and training provided on systems</li> </ul>	4 reports	4 reports on systems provided for project management	None
Percentage of systems provided to support business processes related to contract management	100% Systems provided for contract management <ul style="list-style-type: none"> <li>• 4 Reports on the identification and analysis of need</li> <li>• 4 Reports on development and implementation of systems</li> <li>• 4 Reports on support and training provided on systems</li> </ul>	4 reports	4 Reports on Systems provided for contract management	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Management Information Services</b>				
Percentage of systems provided for beneficiary administration	100% Systems provided for beneficiary administration <ul style="list-style-type: none"> <li>• 4 Reports on the identification and analysis of need</li> <li>• 4 Reports on development and implementation of systems</li> <li>• 4 Reports on support and training provided on system</li> </ul>	4 reports	4 Reports on Systems provided for beneficiary administration	None
Percentage of systems provided for claims and payments	100% Systems provided for claims and payments <ul style="list-style-type: none"> <li>• 4 Reports on the identification and analysis of need</li> <li>• 4 Reports on development and implementation of systems</li> <li>• 4 Reports on support and training provided on systems</li> </ul>	4 reports	4 Reports on Systems provided for claims and payments	None
Report on availability of business information and data	4 reports on the Business Information and data available	4 reports	4 reports on the availability of Business Information and data were made available	None
Quarterly data extracts based on Outcome 8 delivery performance available	New	4 quarterly data extracts	4 Quarterly data extracts based on Outcome 8 delivery performance were made available	None
Report on GIS support service rendered to Department	None	4 reports on GIS support service rendered to the national department	4 reports on GIS support service rendered to the national department were made available	None
Number of provinces provided with GIS support services	New	4 provinces supported with GIS services	4 provinces were supported with GIS services	None
Number of updated Information products available (national atlases, maps, spatial viewer, information-handbook, human settlements journal, deeds/title transfers matching report, fact sheets/information reports)	6 information products	3 Information products available	4 Information products were made available	None

Performance indicator	Baseline (audited actual performance based on previous year's performance)	Actual performance against targets		
		2011/12 Target	Actual achievement	Reason for variance
<b>Sub-programme: Management Information Services</b>				
Number of information and knowledge services available	3 information and knowledge services (library, online, PAIA)	3 information and knowledge services available	3 information and knowledge services available	None
<b>Sub-programme: Communications</b>				
Approved corporate communication strategy and plan	None	Quarterly reports on programmes and plans implemented in terms of approved communication strategy and plan	Developed, implemented and managed corporate communication strategy and plans	None
Approved media services strategy and plan	None	Quarterly reports on programmes and plans implemented in terms of approved media strategy and plan	Developed, implemented, managed, and reviewed media strategies and plans	None
Approved public information and marketing programmed work plans.	None	Quarterly reports on programmes and plans implemented in terms of the approved strategy and plan	Developed, implemented and managed public information and marketing strategy and plan	Due to delays in approval processes and the Departmental turn-around strategy, some plans and activities experienced challenges and were not implemented

Changes to planned targets  
 No changes were made to planned targets.



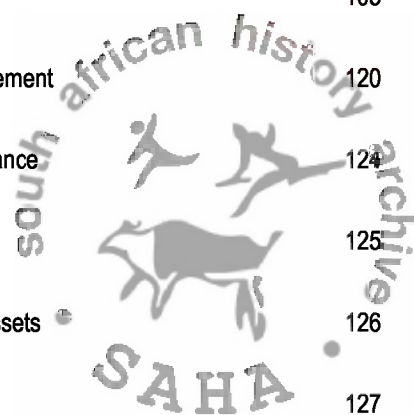
# PART THREE



# 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 2012.

### Audit Committee members and attendance

The audit committee consists of the members listed below and meets at least four times per year, in accordance with its approved terms of reference. During the current financial year six meetings were held.

Name of member	Number of meetings	
	Scheduled	Attended
Mr K Buthelezi – Chairperson	6	6
Mr J Weapond	6	6
Ms T Moja	6	5
Mr N Monakedi (appointed in August 2011)	4	4

### Audit Committee responsibility

The Audit Committee reports that it complied with its responsibilities in terms of section 38(1)(a) of the Public Finance Management Act (Act 1 of 1999, as amended; PFMA) and Treasury Regulation 3.1.

Furthermore, the Audit Committee reports that it adopted appropriate formal terms of reference as outlined in its Audit Committee Charter and met its responsibilities as stipulated in the Charter.

### Effectiveness of internal control

The Department's system of internal controls of risk management is adequate. Despite this, the entire risk management process was not effective owing to risk owners' not committing. The Audit Committee consequently tasked management to develop a plan to address the weaknesses identified.

The system of internal control was not entirely effective for the year under review. Deficiencies in and/or deviations from the system of internal controls were reported by the internal auditors and the Auditor-General.

The quality of management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act (Act 6 of 2011; DoRA).

During the year under review, the Audit Committee reviewed the internal audit reports on audits of the quarterly reports prepared and issued by the Accounting Officer of the Department.

## Evaluation of financial statements

The Audit Committee:

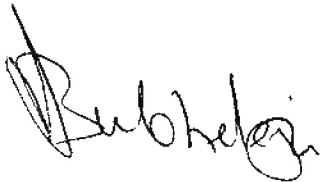
- Reviewed and discussed the unaudited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's interim management report and management's responses to the report; and
- Reviewed unaudited financial statement and adjustments made.

## 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 met with the Auditor-General South Africa to ensure that there were no unresolved issues.



Mr Khulekani Buthelezi  
Chairperson: Audit Committee  
31 May 2012



## General review of the state of financial affairs

### Strategic overview

During the previous financial year, Cabinet decided that the Municipal Infrastructure Grant (MIG) for cities had to be merged with the Human Settlements Development Grant. The decision was implemented during the 2011/12 financial year. It meant that grants and transfer payments in our budget increased from R15,6 billion to R22,1 billion. Grants and transfer payments now constitute 97% of our budget as opposed to 96% in the previous financial year. These amounts include the Rural Household Infrastructure Grant which was designed to address water and sanitation backlogs in rural households. This grant made it possible to develop sanitation structures in various rural areas. The structures are built on beneficiaries' sites and handed over to them on completion. Therefore, they do not appear in the Department's fixed asset register.

During the year the Department finalised the most critical aspects of the turnaround process, including approval of a new structure by the Minister and concurrence by the Department of Public Service Administration. The results of the process will ultimately impact on the Department's budget structure in that they will necessitate the budget to be re-aligned with the new structure.

The Financial Linked individual Subsidy Programme was enhanced and the National Housing Finance Corporation (NHFC) was charged with coordinating its implementation in collaboration with provinces. This is part of government strategy to address the gap market.

In an attempt to improve efficiency Treasury decided that the Disaster Relief Grant will be absorbed into the Human Settlements Development Grant, resulting in one allocation and one framework. In addition, Treasury also decided that the Rural Household Infrastructure Grant will be absorbed into the Municipal Infrastructure Grant. This shift is intended to allow for better and more effective maintenance of municipal infrastructure.

### Spending

Although the Department underspent on its operational budget, it achieved 99% spending overall. Delays in implementing projects and securing office accommodation, the moratorium on filling non-critical positions pending the completion of the turnaround process and late resolution of invoicing by the Directorate: Special Investigations are the main reasons for the underspending on the operational budget. Table 1 gives more details by programme.

**Table 1. Spending by programme as at 31 March 2012**

Programme	Total allocation (R'000)	Expenditure (R'000)	Variance (R'000)	Spent (%)
1. Administration	222 111	167 552	54 559	75,4
2. Housing Policy, Research and Monitoring	39 442	32 954	6 488	83,6
3. Housing Planning and Delivery Support	200 011	187 350	12 661	93,7
4. Housing Development Finance	22 197 499	22 105 620	91 879	99,6
5. Strategic Relations and Governance	166 478	105 444	61 034	63,3
<b>Total</b>	<b>22 825 541</b>	<b>22 598 920</b>	<b>226 621</b>	<b>99,0</b>

**Programme 1: Administration**

Reasons for underspending include:

- Late submission of invoices by the Directorate: Special Investigations, which resulted in payments of about R4 million being made in the new financial year.
- Funds provided for leasing of additional office accommodation that could not be utilised owing to a delay in the refurbishment of offices. Of the allocation of R28,7 million only R17,5 million (61%) was paid to Department of Public Works.
- The moratorium placed on the filling of non-critical posts pending the outcome of the turnaround strategy.

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

Reasons for underspending include:

- The non-filling of vacancies owing to the moratorium on the filling of non-critical vacancies.
- The research project initiated to focus on developing a national framework to assess the sustainability of human settlements was not completed as anticipated.

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

Underspending resulted from the costs associated with the non-filling of non-critical vacancies in the programme's units.

**Programme 4: Housing Development Finance**

Reasons for underspending include:

- The non-filling of vacancies owing to the moratorium on the filling of non-critical vacancies and, in some cases, delays in filling critical vacancies.
- An amount of R3 million provided for closure of the Social Housing Foundation was not required and therefore not transferred.
- The Rural Household Infrastructure Development Programme spent only R187,3 million (73%) of its allocated R257,5 million.

**Programme 5: Strategic Relations and Governance**

Reasons for underspending include:

- The non-filling of vacancies owing to the moratorium on filling non-critical vacancies.
- The installation of the virtual private network at a cost of about R4 million was delayed owing to non-occupation of additional office space. Only R8,2 million of the adjusted allocation of R43 million for computer services was spent.
- Delays in the procurement of business solutions services from SITA. The services include support to provinces with regard to the Housing Subsidy System and enhancement of the system at an estimated cost of R32 million.

**Virements**

Virements that formed part of the adjustment estimate are given in table 2.

Table 2: Virements forming part of the adjustment estimate

Originating programme	Receiving programme	Amount (R'000)	Reason	Approved by
Programme 4	Programme 3	4 000	To fund the National Upgrading Support Programme (NUSP) for the appointment of the NUSP Core Team	Department
Programme 5		3 000		

Virements that were approved after the adjustment estimate are given in table 3.

**Table 3: Virements after adjustment estimate**

Originating programme	Receiving programme	Amount (R'000)	Reason	Approved by
Programme 1	Programme 3	5 000	To fund the sanitation unit's regional offices and the Ministerial Sanitation Task Team	Department
Programme 1	Programme 5	6 000	To partially fund the Govan Mbeki Human Settlements Awards 2011/12	Department

### Services rendered by the Department

The mandate of the National Department of Human Settlements is to coordinate, communicate and monitor the implementation of policy. This includes:

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

#### Tariff policy

Since the Department does not render any services direct to the public it does not have a tariff policy.

#### Free services

No free services were rendered by the Department to the public during the year under review, nor are any planned for the foreseeable future.

#### Inventories

Inventories as at year end are disclosed in the financial statements disclosure notes.

### Capacity constraints

During the year under review, the Department embarked on a turnaround process. As a result a moratorium was placed on filling non-critical positions. In addition, the Department experienced a shortage of space to accommodate additional staff. This impacted on the Department's capacity to deliver and meant that staff had to work overtime. The Department had to appoint contract workers and secure additional office accommodation for contract workers.



## Utilisation of donor funds

In 2005 the then Department Housing (now Department of Human Settlements) entered into a bilateral agreement with the Kingdom of Denmark to explore the mainstreaming of energy efficiency in low-income housing. Thubelisha was appointed as the implementing agent for the Joe Slovo project in the Western Cape. The Joe Slovo show village, comprising 49 housing units, was built in 2008 at the N2 Gateway in Cape Town. Several different energy efficiency mechanisms were installed in the housing units in order to explore the efficiency of each.

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

The court ruling necessitated a complete replanning and redesigning of the entire project over a period of some 18 months, which also delayed the energy efficiency investigation of the project. The closure of Thubelisha Homes and the cession of the N2 Gateway from Thubelisha Homes to the Provincial Department of the Western Cape also contributed to the delay in implementing the Danida-funded energy efficiency pilot project.

As reported in the previous financial year, a project manager was appointed to the Project Steering Committee and the Project Management Unit to ensure documentation of the lessons learnt. This data will inform future human settlements policy, particularly with regard to energy efficiency. An energy efficiency expert is assisting with the development and implementation of the Home Owners Awareness Programme and is monitoring and evaluating the pilot project.

## Trading entities and public entities

The public entities listed in 5.1 were established by the Department of Human Settlements (formerly the Department of Housing).

### South African Housing Fund

The South African Housing Fund was established for making funds available to provincial governments to finance national and provincial housing programmes in terms of the Housing Act (Act 107 of 1997).

The intention was that all funds transferred by the South African Housing Fund be utilised in accordance with the Housing Code. In addition, funds transferred to the South African Housing Fund had to be distributed among the provinces as conditional grants. Provincial allocations were and are still determined using an allocation formula based on a number of factors. The allocations are approved by the Housing MINMEC.

After the introduction of the Division of Revenue Act (DoRA), MINMEC, during the 2003/4 financial year, approved the dissolution and delisting of the fund because it had been rendered obsolete by the DoRA. Since 2003/4 and in compliance with the DoRA, funds been transferred to the provinces in terms of the DoRA and the South African Housing Fund has been dormant. The legislative process to facilitate the dissolution of the housing fund, as well as that of other provincial funds, has been delayed. If the Minister consents to the dissolution of the funds, these amendments will form part of next year's parliamentary process.

### Servcon

Servcon Housing Solutions, established in 1995, resulted from a Record of Understanding between the then Department of Housing (representing government) and the Banking Council (representing participating banks). The company was established in terms of the Companies Act (Act 71 of 1973) with the mandate to provide exclusive management from 1 April 1998 in respect of a documented ring-fenced portfolio of 33 310 properties. The portfolio comprised properties in possession (PIPs) and non-performing loans (NPLs) to the value of 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 Housing, parted ways in terms of a Sale of Shares and Claims Agreement. During 2007 Servcon undertook to assist provinces through a programme of normalisation and regularisation.

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

The Managing Director of Servcon is accountable to the executive authority of the Department of Human Settlements.

#### Social Housing Foundation

The Social Housing Foundation (SHF) was established in 1996 as a section 21 company with the purpose to:

- Develop and build capacity for social housing institutions; and
- Develop a policy framework for the social housing sector.

It has been providing knowledge management services, and communication and institutional support to the social housing sector. In addition, the SHF has been monitoring and evaluating the social housing sector.

The Board of the SHF is accountable to the executive authority of the Department of Human Settlements. The SHF is currently being dissolved.

#### National Urban Reconstruction and Housing Agency

In 1995, the National Urban Reconstruction and Housing Agency (NURCHA) was established as a Presidential Lead Project by the South African government in partnership with the Open Society Institute. NURCHA is a section 21 company in terms of the Companies Act (Act 71 of 1973). It was established to ensure a 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
- Utilise provide loans to contribute to and support the emergence of new, successful, black-owned construction firms.

The Board of NURCHA is accountable to the executive authority of the Department of Human Settlements.

#### National Home Builder Registration Council

The National Home Builder Registration Council (NHBRC) was established in terms of the Housing Consumer Protection Measures Act (Act 95 of 1998).

The mandate of the NHBRC is to:

- Provide housing consumers with warranty protection against defects in new homes; and
- Provide protection against any failure of builders to comply with their obligations in terms of the Act.

The NHBRC therefore 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 (including emerging builders, unemployed persons, the youth, women and people with disabilities) remains a critical strategic and operational focus of the NHBRC.

The Council of the NHBRC is accountable to the executive authority of the Department of Human Settlements.

#### National Housing Finance Corporation

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

The Board of the NHFC is accountable to the executive authority of the Department of Human Settlements.

#### 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. Thubelisha Homes ceased operations in July 2009 and was put under voluntary liquidation on 29 March 2012.

#### Rural Housing Loan Fund

The Rural Housing Loan Fund (RHLF) is a development finance institution, established in August 1996 as a company not for gain. The RHLF is mandated to empower low-income households in rural areas to access housing credit. Operating as a wholesale lender, the company attains its mandate by providing loans to its target market through retail intermediaries.

The Board of the NHFC is accountable to the executive authority of the Department of Human Settlements.

#### Housing Development Agency

The Housing Development Agency (HDA) was established in terms of the Housing Development Agency Act (Act 23 of 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.

The agency is required to facilitate land acquisition 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.

The Board of the HDA is accountable to the executive authority of the Department of Human Settlements.

### Social Housing Regulatory Authority

The Social Housing Regulatory Authority (SHRA) was established in terms of the Social Housing Act (Act 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.

The Council of the SHRA is accountable to the executive authority of the Department of Human Settlements.

### Organisations to which transfer payments were made

The department transferred funds to the organisations listed in table 4.

Table 4: Funds transferred

	Organisation	Amount (R'000)	Remarks
1	Provinces • Human Settlements Development Grant • Housing Disaster Relief Grant	14 941 516 180 000	To fund national and provincial housing programmes
2	Accredited metros and cities	6 266 998	To fund infrastructure development related to human settlements
3	Habitat Foundation	462	Annual contribution
4	National Urban Reconstruction and Housing Agency	160 000	In terms of the finding legislation
5	Social Housing Regulatory Authority • Operational • Capital Restructuring Grant	19 305 226 169	In terms of the finding legislation
6	Rural Housing Loan Fund	49 500	In terms of the finding legislation
7	Housing Development Agency	89 100	In terms of the finding legislation
	<b>Total</b>	<b>21 873 050</b>	

### Public-private partnerships

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

### Corporate governance arrangements

#### 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 unit also conducts its operations in accordance with the Standards for the Professional Practice of Internal Auditors issued by the Institute of Internal Auditors. The Internal Audit Unit focuses mainly on providing assurance and consultancy services to management whereas the Audit Committee focuses on matters pertaining to control systems, risk management and governance processes.

In accordance with the requirements of IIA's Standards and Treasury Regulations, the unit, in consultation with stakeholders, developed a three-year rolling Strategic Plan that includes a one-year operational audit plan. The plan was approved by the Audit Committee. Reviews by the unit revealed control systems in the Department

to be adequate. However, the effectiveness of those controls are cause for concern. Recommendations were made on weaknesses identified and management committed to the implementation of agreed action plans.

The unit, through its Chief Audit Executive, reports functionally to the Audit Committee and administratively to the Accounting Officer. The Audit Committee continuously assesses the performance of the Internal Audit Directorate to determine its level of effectiveness and identifies areas in need of improvement.

#### Audit committee

The Department's Audit Committee operates in accordance with the requirements of the PFMA, and the Treasury Regulations and their Terms of Reference (Audit Charter). These were reviewed and approved during the year under review. The committee comprises members appointed from outside the public service. During the period under review the committee met six times. The Accounting Officer and Management were represented at all six meetings. The Office of the Auditor-General and the Chairperson of the Risk Management Committee are always invited to these meetings.

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

#### Risk Management Committee

The Department has a fully functional Risk Management Committee. The committee operates in accordance with the approved Terms of Reference, and the Risk Management Policy and Framework which are updated every year. Its responsibility is to assist the Accounting Officer in:

- Addressing his oversight requirements of risk management;
- Evaluating and monitoring the institution's performance with regard to risk management;
- Formulating, promoting and reviewing the institution's Enterprise Risk Management objectives, strategy and policy;
- Monitoring processes at strategic management and operational levels.

The Committee is composed of executive and non-executive members, including a representative from the Audit Committee. The Chairperson is a non-executive member.

The committee is supported by the Risk Management Directorate. It meets every quarter basis to review processes and discuss critical issues in respect of risk management, fraud and corruption. These reviews and discussions are tabled before the Audit Committee.

During the period under review the Risk Management Committee did not operate to the fullest extent owing to lack of participation from risk owners. This was discussed both in the Risk Management Committee and the Audit Committee and measures have been put in place to address this challenge. The committee held three meetings in the year under review.

A strategic Information Technology Risk Assessment process was undertaken during which the Department identified, evaluated and allocated responsibility for managing and controlling the information technology risks faced by the department.

#### Special investigations

The Department has a Special Investigations Directorate. Its mandate is to prevent and detect corrupt activities and to ensure that corrupt practices in the sector are reduced.

A whistle blowing policy protects all whistle blowers who expose corrupt and criminal activities.

The directorate implemented an extensive Anti-Corruption Awareness Campaign, which focused on employees of the national Department, municipal employees, officials and councillors. Eighteen such awareness workshops were conducted during the year under review.

In addition, the directorate monitors external cases under investigation by the Special Investigating Unit. In this respect the following was achieved:

- Fifty-nine low-income housing contracts were identified as in need of investigation. (Forty two investigations were completed and 17 are ongoing.) The total value of the 59 identified contracts amounts R4,179 billion.
- Fruitless and wasteful expenditure amounting to R27,9 million was uncovered in three investigations.
- Potential losses suffered by the Provincial Departments of Human Settlements amounting to R71,8 million were uncovered in five investigations.
- Potential recoveries amounting to R101,9 million were identified in respect of three investigations.
- Misconduct of Departmental officials was identified in eight investigations. These matters are mainly in relation to transgressions of the National Housing Act (Act 107 of 1997), the National Housing Code and the PFMA. Six syndicate matters were closed.
- In respect of People's Housing Process investigations undertaken in the Western Cape Province, 29 investigations were finalised out of 44 matters referred.

In 2007, the Presidency published Proclamation R7, which mandated the Special Investigating Unit to investigate the 'red flags' raised in respect of housing subsidies by the Auditor-General of South Africa. To give effect to the proclamation, the Department and Special Investigating Unit signed a Memorandum of Understanding (MOU) and a Service Level Agreement (SLA) in 2007 and 2009, respectively.

The current MOU and SLA between the Department and the unit expired on 31 March 2012. The Department is reviewing the MOU and the SLA in relation to Proclamation R15 of 2012, the extension of Proclamation R7 which expired on 31 March 2012.

#### Other matters

A quarterly communication is forwarded to all senior managers on transaction related to third parties. Senior managers are requested to disclose existing relationships with third parties. This is in addition to the annual disclosure of interests that senior managers submit in terms of the Public Service Resolutions.

The department has various policies in place to ensure that corporate governance arrangements are properly managed.

#### Discontinued activities/activities to be discontinued

The South African Housing Fund was delisted during 2004/05. The delisting became necessary because the fund had become dormant owing to the introduction of the Division of Revenue Act (DoRA) which requires funds for housing development to be transferred from the national vote to the provincial votes through the provincial treasuries. As a result of a MINMEC decision to dissolve all the funds, a legislative process is underway to:

- Amend the Housing Act in order to effect alignment among the Housing Act, the Public Finance Management Act and the Division of Revenue Act.
- Dissolve the Fund.

The winding up of Thubelisha Homes, the Social Housing Foundation and Servcon has not been finalised.

## New/proposed activities

### Community Schemes Ombud Service

The Community Schemes Ombud Service Act (Act 9 of 2011; CSOS Act), was promulgated on 11 June 2011 and provides for the establishment of the Community Schemes Ombud Service (CSOS) as a public entity.

The functions of the CSOS are to:

- Develop and provide dispute resolution in terms of the CSOS Act;
- Provide training for conciliators, adjudicators and other employees of CSOS;
- Regulate, monitor and control the quality of schemes' governance documentation; and
- Take custody of, preserve and provide public access, electronically or by other means, to schemes' governance documentation.

The appointment of the Selection Committee for the recommendation of board members is in progress.

### 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 barcoding module that assists in managing the physical location of assets and facilitating physical verification. The Department's compliance with Asset Management Reform (AMR) project was delayed by capacity constraints. In order to achieve the AMR milestones a Draft Asset Management Strategy and an Amended Asset Management Policy were finalised and are ready for approval in the new financial year.

### Inventories

Details of the inventories are reported in the financial statements disclosure notes.

### Events after the reporting date

The department implemented a new organigram which was the outcome of the turnaround strategy process.

### Information on predetermined objectives

The Department develops its Strategic and Performance Plans in accordance with the following prescripts:

- The Public Finance Management Act;
- Chapter 2 of the Treasury Regulations;
- Guidelines to the Accounting Officers;
- The Public Service Regulations, chapter 1, parts (iii) and (vii); and
- The Constitution (Act 108 of 1996), section 92, sub-sections 3(a) and (b), and section 133(3).

The Department's performance is monitored quarterly and annually. Performance reports are submitted to the Accounting Officer and the executive authority.

As part of the monitoring process the performance of various programmes and sub-programmes is analysed and evaluated quarterly and annually. These analyses and evaluations include:

- An assessment of the extent to which the submitted performance reports comply with the guidelines and approved formats and templates;
- A comparative analysis of the approved Departmental Strategic and Performance Plans and the Departmental Performance Reports;
- A comparative analysis of the Estimates of National Expenditure and the Departmental Annual Performance Report; and
- Verification of the validity, integrity and quality of the performance information as detailed in the Departmental Performance Reports.

The analyses serve as the basis of regular advice to 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.





## Scopa resolutions

Table 5: Scopa resolutions

Reference to previous audit report and Scopa resolutions	Topic	Resolution	Progress
2005/06 Performance Audit Report	Approval and allocation of housing subsidies at provincial housing departments.	<p>In Report 76 of 6 September 2006 Scopa resolved that:</p> <p>The practice of separation of duties had to be complied with and that only duly authorised senior management would be allowed to override subsidy applications.</p> <p>The Department had to establish an ID verification mechanism that would be linked to the Home Affairs database.</p> <p>The Department had to ensure that policy guidelines on the administration and awarding of subsidies were enforced.</p> <p>The Department had to report to Parliament on disciplinary action taken against employees who engaged in fraudulent and corrupt activities.</p> <p>All missing applications had to be presented for audit purposes and that henceforth the archiving system would be in line with best practice.</p> <p>The National Department of Housing had to institute a comprehensive strategy of co-operation and integration with the provincial departments.</p> <p>The Department would submit a progress report to Parliament on the status of implementation of ministerial instructions.</p>	<p>Addressed and reported on in the previous year's annual report.</p> <p>Addressed and reported on in the previous year's annual report.</p> <p>The revision of the current National Housing Code was approved by the Minister.</p> <p>The Special Investigations Unit (SIU) now assists the provinces in investigating various cases of fraud. The SIU reports regularly to the Department on the number of case files opened.</p> <p>Addressed and reported on in the previous year's annual report.</p> <p>Addressed and reported on in the previous year's annual report.</p> <p>Previous statements by the Minister were addressed and reported on in regular progress reports submitted to Parliament.</p>

REPORT OF THE ACCOUNTING OFFICER  
to the executive authority and Parliament of the Republic of South Africa  
for the year ended 31 March 2012

Reference to previous audit report and Scopa resolutions	Topic	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><i>In Report 27 of 18 November 2008 Scopa resolved that:</i></p> <p>Applicants had to submit adequate proof of income and up-to-date payslips.</p> <p>Applicants had to submit supporting documentation in respect of spouses and dependents.</p> <p>Affidavits had to accompany application forms.</p> <p>The Department had to collaborate with the municipalities where applicants were employed with a view to instituting disciplinary action against municipal employees who made false affidavits, and appropriate legal action had to be considered.</p> <p>Measures had to be instituted to ensure the safekeeping of completed subsidy application forms.</p> <p>Where properties had been allocated to individuals who should have been disqualified by reason of their household income, consideration had to be given to turn over those properties to qualifying applicants and that forensic investigations into corruption and collusion had to be conducted.</p> <p>Contracts with developers had to include retention and penalty clauses to ensure that contractors would forfeit payment for poor workmanship.</p> <p>Disciplinary action had to be taken against inspectors who stated on inspection certificates that top structures had been successfully completed by developers despite the general condition of the houses being poor and unsatisfactory.</p> <p>Their database had to be integrated with that of SARS to verify eligibility through PAYE information.</p>	<p>Addressed and reported on in the previous year's annual report.</p> <p>Addressed and reported on in the previous year's annual report.</p> <p>Addressed and reported on in the previous year's annual report.</p> <p>The SIU is assisting provincial departments in preparing files for disciplinary action in proven cases of fraud. The SIU reports regularly to the national and provincial departments on the number of case files opened.</p> <p>Addressed and reported on in the previous year's annual report.</p> <p>Addressed and reported on in the previous year's annual report.</p> <p>Addressed and reported on in the previous year's annual report.</p> <p>Addressed and reported on in the previous year's annual report.</p> <p>Addressed and reported on in the previous year's annual report.</p>

## 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. The action plan was monitored and updated every month and submitted to National Treasury. Progress in this regard is summarised in table 6.

Table 6: Prior modifications to audit reports

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year when matter first arose	Progress made in clearing/resolving the matter
<p><b>1. Treasury Regulations</b></p> <p>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>	2010/11	<p>In addition to the actions taken and reported on in the previous financial year the Department took further action, as follows:</p> <ul style="list-style-type: none"> <li>Letters were sent to service providers reminding them inter alia to ensure that they receive an official order from the department before supplying goods or services.</li> <li>An invoice box was installed at the reception desk for after-hours deliveries.</li> </ul>
<p><b>2. Irregular expenditure</b></p> <p>Irregular expenditure to the amount of R12 100 000 was incurred because proper procurement processes and the Public Service Regulations had not been followed.</p>	2011/2011	<ul style="list-style-type: none"> <li>A request for condonation was submitted.</li> <li>Requests for quotations were amended to include the evaluation criteria.</li> <li>Checklists were amended so that a comprehensive check can be done before payments are made or an order is created.</li> </ul>
<p><b>3. Material underspending of the Rural Household Infrastructure Grant</b></p> <p>The Department underspent the budget for Programme 4, Sub-programme: Rural Household Infrastructure Development to the amount of R38 386 000 of the total budgeted amount of R100 000 000.</p>	2010/11	<ul style="list-style-type: none"> <li>Mvula Trust and IDT, the programme managers, were requested to submit recovery plans. These plans were monitored very closely.</li> <li>The Department undertook a quantity survey study to determine where the challenges were and how to address them.</li> <li>The Department reduced the 2011/12 IDT scope of work by 7 098 units and negotiated with Mvula Trust to complete these by the end of the financial year.</li> </ul>
<p><b>4. Restatement of prior year figures on lease commitments</b></p> <p>Figures in the financial statements for the period ending 31 March 2010 were restated because of an omission discovered during 2010/11.</p>	2010/11	<ul style="list-style-type: none"> <li>The database and the amortisation tables of all lease agreements were redesigned and recalculated.</li> </ul>

### Exemptions and deviations received from National Treasury

No exemptions and deviations were received from National Treasury.

### Interim financial statements

The Department submitted all Interim Financial Statements in terms of the relevant practice note.

### Other material matters

There are no other material matters to report.

### Approval

The Annual Financial Statements set out on pages 79 to 182 were approved by the Accounting Officer.



Mr T W Zulu  
DIRECTOR-GENERAL  
31 May 2012



## Report on the financial statements

### Introduction

I have audited the financial statements of the National Department of Human Settlements set out on pages 79 to 182, which comprise the appropriation statement, the statement of financial position as at 31 March 2012, and the statement of financial performance, statement of changes in net assets and cash-flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Responsibility of the Accounting Officer in terms of the financial statements

The Accounting Officer is responsible for the preparation and presentation of these financial statements in accordance with the Departmental Financial Reporting Framework prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act 1 of 1999; PFMA) and the Division of Revenue Act of South Africa, 2011 (Act 6 of 2011; DoRA), and for such internal control as the Accounting Officer deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibility of the Auditor-General in terms of the financial statements

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act 25 of 2004; PAA), the General Notice issued in terms thereof and International Standards on Auditing. 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.

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.

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

### Opinion of the Auditor-General

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 2012, 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 PFMA and DoRA.

### Emphasis of matters

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

### Restatement of corresponding figures

As disclosed in note 20 to the financial statements, 'Commitments', the corresponding figures for 31 March 2011 have been restated as a result of an error discovered during 2011–12 in the financial statements of the Department at, and for the year ended, 31 March 2011.

As disclosed in note 19 to the financial statements, 'Contingent liabilities', the corresponding figures for 31 March 2011 have been restated as a result of an error discovered during 2011–12 in the financial statements of the Department at, and for the year ended, 31 March 2011.

As disclosed in note 33 to the financial statements, 'Immovable tangible capital assets', the corresponding figures for 31 March 2011 have been restated as a result of an error discovered during 2011/12 in the financial statements of the Department at, and for the year ended, 31 March 2011.

#### **Material underspending of the Rural Household Infrastructure Grant**

As disclosed in the appropriation statement, the Department materially underspent the budget on Programme 4, Sub-programme: Rural Household Infrastructure Development, by R70 155 000 of a total allocation of R257 508 000. As a consequence, the Department did not achieve some of its objectives in respect of providing sanitation services to rural communities.

#### **Additional matters**

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

#### **Unaudited supplementary schedules**

The supplementary information set out on pages 166 to 177 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

#### **Financial reporting framework**

The financial reporting framework prescribed by National Treasury and applied by the Department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been properly prepared in accordance with this framework. Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

#### **Report on other legal and regulatory requirements**

In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

#### **Predetermined objectives**

I performed procedures to obtain evidence about the usefulness and reliability of the information in the report of information on predetermined objectives as set out on pages 15 to 78 of the annual report.

The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development priorities or objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by National Treasury's Framework for Managing Programme Performance Information (FMPPi).

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

The material findings are as follows:

### Usefulness of information

#### Measurability

##### Performance indicators not well defined

The FMPPi requires indicators and measures to have clear, unambiguous data definitions so that data can be collected consistently and is easy to understand and use. A total of 22% of the indicators relevant to Programme 2: Housing Policy, Research and Monitoring, Programme 3: Housing Planning and Delivery Support and Programme 4: Housing Development Finance was not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the requirements of the FMPPi not being correctly applied due to a misinterpretation of the requirements.

##### Performance targets not specific

The FMPPi requires performance targets to be specific in clearly identifying the nature and required level of performance. A total of 27% of the targets relevant to Programme 2: Housing Policy, Research and Monitoring, Programme 3: Housing Planning and Delivery Support and Programme 4: Housing Development Finance was not specific in clearly identifying the nature and the required level of performance. This was due to the requirements of the FMPPi not being correctly applied due to a misinterpretation of the requirements.

##### Performance targets not measurable

The FMPPi requires performance targets to be measurable. The required performance could not be measured for a total of 28% of the targets relevant to Programme 2: Housing Policy, Research and Monitoring, Programme 3: Housing Planning and Delivery Support and Programme 4: Housing Development Finance. This was due to the requirements of the FMPPi not being correctly applied due to a misinterpretation of the requirements.

#### Additional matter

In addition to the above material findings, I draw attention to the matter below.

#### Achievement of planned targets

Of the total number of 172 planned targets, 39 were not achieved during the year under review. This means that 23% of the total number of planned targets was not achieved during the year under review.

#### Compliance with laws and regulations

I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations on financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the General Notice issued in terms of the PAA, are set out below.

#### Annual financial statements, performance report and annual report

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

#### Procurement and contract management

The evaluation criteria, system to be used in awarding preference points for procurement and maximum points to be awarded for historically disadvantaged individuals were not specified in bidding documents, as required by section 7 of the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act 5 of 2000).

#### Expenditure management

The Accounting Officer did not take effective steps to prevent irregular, as well as fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. Contractual obligations and money owed by the Department were not settled within 30 days or an agreed period, as required by section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3.

#### Human resource management and compensation

A human resource plan was not in place, as required by Public Service Regulation 1/III/B.2(d). Persons in charge at pay points did not always certify that the employees receiving payment were entitled there to, as required by Treasury Regulation 8.3.4.

Employees were appointed without following a proper process to verify the claims made in their applications, in contravention of Public Service Regulation 1/VI/D.8.

#### Asset management

Proper control systems to safeguard and maintain assets had not been implemented, as required by section 38(1)(d) of the PFMA and Treasury Regulation 10.1.1(a).

#### Internal control

I considered internal control relevant to my audit of the financial statements, report of information on predetermined objectives and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the report of information on predetermined objectives and the findings on compliance with laws and regulations included in this report.

#### Leadership

The Accounting Officer did not exercise adequate oversight responsibility regarding financial and performance reporting, compliance with laws and regulations, and related internal controls.

#### Financial and performance management

Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.

Management did not review and monitor compliance with laws and regulations.

### Other reports

#### Investigations

Investigations were conducted as a consequence of alleged financial misconduct by a senior management member regarding non-compliance with sections 66 and 70 of the PFMA.

The Public Protector is currently conducting an investigation into alleged financial misconduct by the Accounting Officer of the Department.

*Auditor-General*

31 July 2012



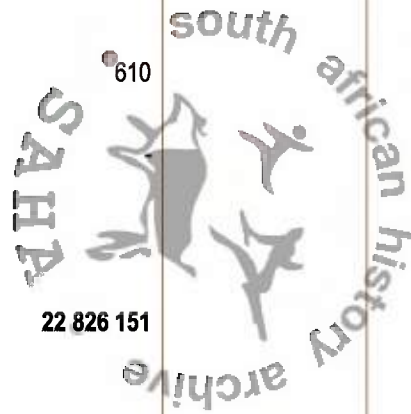


Appropriation per programme									
APPROPRIATION STATEMENT	2011/12						Expenditure as percentage of final appropriation %	2010/11	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000		Final appropriation R'000	Actual expenditure R'000
<b>1. Programme 1: Administration</b>									
Current payment	228 162	(220)	(11 000)	216 942	165 569	51 373	76,3	205 405	180 159
Transfers and subsidies	50	-	-	50	45	5	90	5	5
Payment for capital assets	4 889	218	-	5 107	1 930	3 177	37,8	15 697	8 340
Payment for financial assets	10	2	-	12	8	4	66,7	81	73
<b>Sub-total</b>	<b>233 111</b>	<b>-</b>	<b>(11 000)</b>	<b>222 111</b>	<b>167 552</b>	<b>54 559</b>		<b>221 188</b>	<b>188 577</b>
<b>2. Programme 2: Housing Policy Research and Planning</b>									
Current payment	38 650	(27)	-	38 623	32 629	5 994	84,5	42 559	31 903
Transfers and subsidies	-	-	-	-	-	-	-	216	204
Payment for capital assets	792	13	-	805	315	490	39,1	1 096	529
Payment for financial assets	-	14	-	14	10	4	71,4	-	-
<b>Sub-total</b>	<b>39 442</b>	<b>-</b>	<b>-</b>	<b>39 442</b>	<b>32 954</b>	<b>6 488</b>		<b>43 871</b>	<b>32 636</b>
<b>3. Programme 3 Housing Planning and Delivery Support</b>									
Current payment	157 223	(4 724)	5 000	157 499	146 196	11 303	92,8	116 213	100 958
Transfers and subsidies	4 621	3 340	-	7 961	7 961	-	100,0	9 855	9 837
Payment for capital assets	33 167	1 374	-	34 541	33 185	1 356	96,1	81 006	47 460
Payment for financial assets	-	10	-	10	8	2	80,0	122	120
<b>Sub-total</b>	<b>195 011</b>	<b>-</b>	<b>5 000</b>	<b>200 011</b>	<b>187 350</b>	<b>12 661</b>		<b>207 196</b>	<b>158 375</b>

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Appropriation per programme									
APPROPRIATION STATEMENT	2011/12						Expenditure as percentage of final appropriation %	2010/11	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000		Final appropriation R'000	Actual expenditure R'000
<b>4. Programme 4: Housing Development Finance</b>									
Current payment	63 944	(123)	-	63 821	45 376	18 445	71,1	42 435	40 279
Transfers and subsidies	21 875 605	-	-	21 875 605	21 872 588	3 017	100,0	15 530 361	15 522 626
Payment for capital assets	257 950	123	-	258 073	187 656	70 417	72,7	101 594	62 071
Payment for financial assets	-	-	-	-	-	-		5	
<b>Sub-total</b>	<b>22 197 499</b>	<b>-</b>	<b>-</b>	<b>22 197 499</b>	<b>22 105 620</b>	<b>91 879</b>		<b>15 674 395</b>	<b>15 624 981</b>
<b>5. Programme 5: Strategic Relations and Governance</b>									
Current payment	156 369	(211)	6 000	162 158	104 481	57 677	64,4	141 752	85 787
Transfers and subsidies	1 000	20	-	1 020	476	544	46,7	1 001	684
Payment for capital assets	3 109	185	-	3 294	484	2 810	14,7	2 355	912
Payment for financial assets	-	6	-	6	3	3	50,0	1	1
<b>Sub-total</b>	<b>160 478</b>	<b>-</b>	<b>6 000</b>	<b>166 478</b>	<b>105 444</b>	<b>61 034</b>		<b>145 109</b>	<b>87 384</b>
<b>SUB-TOTAL</b>	<b>22 825 541</b>	<b>-</b>	<b>-</b>	<b>22 825 541</b>	<b>22 598 920</b>	<b>226 621</b>	<b>99,0</b>	<b>16 291 759</b>	<b>16 091 953</b>

	2011/12		2010/11	
	Final appropriation	Actual expenditure	Final appropriation	Actual expenditure
<b>TOTAL (brought forward)</b>				
<b>Reconciliation with statement of financial performance</b>				
<b>ADD</b>				
Departmental receipts		610	2 826	
Aid assistance			1 798	
<b>Actual amounts per statement of financial performance (total revenue)</b>	<b>22 826 151</b>		<b>16 296 383</b>	
<b>ADD</b>				
Aid assistance		-		1 798
<b>Actual amounts per statement of financial performance (total expenditure)</b>		<b>22 598 920</b>		<b>16 093 751</b>



Appropriation per economic classification									
2011/12							2010/11		
	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>									
Compensation of employees	302 267	(28 147)	-	274 120	242 748	31 372	88,6	240 095	216 455
Goods and services	341 532	22 786	-	364 318	251 306	113 012	69,0	307 518	222 458
Interest and rent on land	549	56	-	605	197	408	32,6	751	173
<b>Transfers and subsidies</b>									
Provinces and municipalities	21 388 514	-	-	21 388 514	21 388 514	-	100,0	15 175 563	15 175 563
Departmental agencies and accounts	487 091	-	-	487 091	484 074	3 017	99,4	353 793	346 192
Foreign governments and international organisations	1 000	-	-	1 000	462	538	46,2	1 000	684
Households	4 671	3 388	-	8 031	8 020	11	99,9	11 082	10 917
<b>Payments for capital assets</b>									
Buildings and other fixed structures	288 643	1 189	-	289 832	219 677	70 155	75,8	177 940	108 559
Machinery and equipment	11 029	724	-	11 753	3 870	7 883	32,9	21 103	10 383
Software and other intangible assets	235	-	-	235	28	207	11,9	2 705	370
<b>Payments for financial assets</b>	10	32	-	42	24	18	57,1	209	199
<b>Total</b>	<b>22 825 541</b>	<b>-</b>	<b>-</b>	<b>22 825 541</b>	<b>22 598 920</b>	<b>226 621</b>	<b>99,0</b>	<b>16 291 759</b>	<b>16 091 953</b>

Statutory appropriation								
2011/12						2010/11		
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 Expenditure as percentage 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 officers								
Judges and magistrates salaries								
Sector education and training authorities (SETAs)								
National Skills Fund								
<b>Total</b>	-			-	-	-	-	-

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Detail per sub-programme Programme 1: Administration	2011/12							2010/11	
	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>1.1 MINISTRY</b>									
Current payment	27 733	1 875	-	29 608	25 751	3 857	87,0	30 252	20 819
Transfers and subsidies									
Payment for capital assets	257	-	-	257	97	160	37,7	1 267	585
Payment for financial assets	-	-	-	-	-	-		5	4
<b>1.2 MANAGEMENT</b>									
Current payment	88 285	(861)	(11 000)	76 424	54 448	21 976	71,2	73 379	70 571
Transfers and subsidies								5	5
Payment for capital assets	1 629	110	-	1 739	701	1 038	40,3	1 749	545
Payment for financial assets								50	45
<b>1.3 CORPORATE SERVICES</b>									
Current payment	83 376	(1 234)	-	82 142	67 784	14 358	82,5	77 253	65 643
Transfers and subsidies	50	-	-	50	45	5	90,0	-	-
Payment for capital assets	3 003	108	-	3 111	1 132	1 979	36,4	12 681	7 210
Payment for financial assets	10	2	-	12	8	4	66,7	26	24
<b>1.4 OFFICE ACCOMMODATION</b>									
Current payment	28 768	-	-	28 768	17 586	11 182	61,0	24 521	23 126
<b>Total</b>	<b>233 111</b>	<b>-</b>	<b>(11 000)</b>	<b>222 111</b>	<b>167 552</b>	<b>54 559</b>	<b>75,40</b>	<b>221 188</b>	<b>188 577</b>

Economic classification									
2011/12								2010/11	
Programme 1: Administration	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>									
Compensation of employees	88 838	(6 816)	-	82 022	76 186	5 836	92,90	77 998	73 423
Goods and services	139 099	6 590	(11 000)	134 689	89 255	45 434	66,30	127 126	106 674
Interest and rent on land	225	6	-	231	128	103	55,40	281	62
<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	50	-	-	50	45	5	90,00	5	5
Gifts and donations									
<b>Payment for capital assets</b>									
Buildings and other fixed structures									
Machinery and equipment	4 779	218	-	4 997	1 907	3 090	38,2	13 407	8 169
Heritage assets									
Specialised military assets									
Biological assets									
Land and subsoil assets									
Software and other intangible assets	110	-	-	110	28	82	25,5	2 290	171
<b>Payments for financial assets</b>	10	2	-	12	3	9	25,0	81	73
<b>Total</b>	<b>233 111</b>	<b>-</b>	<b>(11 000)</b>	<b>222 111</b>	<b>167 552</b>	<b>54 559</b>	<b>75,4</b>	<b>221 188</b>	<b>188 577</b>

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Detail per sub-programme									
2011/12								2010/11	
Programme 2: Housing Policy Research and Planning	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>2.1 MANAGEMENT</b>									
Current payment	2 266	(10)	-	2 256	1 949	307	86,4	2 574	2 367
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	55	5	-	60	15	45	25,0	45	28
Payment for financial assets	-	5	-	5	1	4	20,0	-	-
<b>2.2 POLICY DEVELOPMENT</b>									
Current payment	10 140	(1 507)	-	8 633	7 529	1 104	87,2	9 398	7 458
Transfers and subsidies	-	-	-	-	-	-	-	190	189
Payment for capital assets	116	7	-	123	95	28	77,2	338	113
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>2.3 RESEARCH</b>									
Current payment	11 240	(1 101)	-	10 139	7 080	3 059	69,8	11 784	7 648
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	52	1	-	53	38	15	71,7	138	37
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>2.4 MONITORING AND EVALUATION</b>									
Current payment	15 004	2 591	-	17 595	16 071	1 524	91,3	18 803	14 430
Transfers and subsidies	-	-	-	-	-	-	-	26	15
Payment for capital assets	569	-	-	569	167	402	29,3	575	351
Payment for financial assets	-	9	-	9	9	-	100,0	-	-
<b>Total</b>	<b>39 442</b>	<b>-</b>	<b>-</b>	<b>39 442</b>	<b>32 954</b>	<b>6 488</b>	<b>83,6</b>	<b>43 871</b>	<b>32 636</b>



Economic classification									
Programme 2: Housing Policy Research and Planning	2011/12							2010/11	
	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>									
Compensation of employees	27 079	(1 887)	-	25 192	22 319	2 873	88,6	24 073	19 890
Goods and services	11 532	1 860	-	13 392	10 302	3 076	77,0	18 396	11 988
Interest and rent on land	39	-	-	39	8	31	20,50	90	25
<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									
Gifts and donations									
<b>Payment for capital assets</b>									
Buildings and other fixed structures									
Machinery and equipment	792	13	-	805	315	490	39,1	1 061	529
Heritage assets									
Specialised military assets									
Biological assets									
Land and subsoil assets									
Software and other intangible assets	-	-	-	-	-	-		35	-
Payments for financial assets	-	14	-	14	10	4	71,4	-	-
<b>Total</b>	<b>39 442</b>	<b>-</b>	<b>-</b>	<b>39 442</b>	<b>32 954</b>	<b>6 488</b>	<b>83,6</b>	<b>43 871</b>	<b>32 636</b>



Detail per sub-programme									
Programme 3: Housing Planning and Delivery Support	2011/12							2010/11	
	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>3.1 MANAGEMENT</b>									
Current payment	3 079	(1 482)	-	1 597	1 264	333	79,1	5 007	4 636
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	141	-	-	141	123	18	87,2	227	32
Payment for financial assets	-	-	-	-	-	-	-	2	2
<b>3.2 PROGRAMME IMPLEMENTATION SUPPORT</b>									
Current payment	20 930	(12 949)	-	7 981	6 233	1 748	78,1	7 055	5 563
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	260	-	-	260	19	241	7,3	116	15
Payment for financial assets	-	2	-	2	1	1	50,0	-	-
<b>3.3 RENTAL HOUSING AND PEOPLE'S HOUSING PROCESS</b>									
Current payment	13 241	2 164	-	15 412	14 380	1 032	93,3	16 444	11 573
Transfers and subsidies	-	-	-	-	-	-	-	191	191
Payment for capital assets	53	30	-	83	55	28	66,3	590	27
<b>3.4 STAKEHOLDER MOBILISATION</b>									
Current payment	13 717	2 073	-	15 790	14 702	1 088	93,1	14 262	11 573
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	113	140	-	253	146	107	57,7	377	79
Payment for financial assets	-	-	-	-	-	-	-	118	117

Detail per sub-programme									
2011/12								2010/11	
Programme 3: Housing Planning and Delivery Support	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>3.5 CAPACITY DEVELOPMENT</b>									
Current payment	19 577	12 495	-	32 072	30 627	1 445	95,5	18 167	17 633
Transfers and subsidies	4 621	3 340	-	7 961	7 961	-	100,0	9 664	9 646
Payment for capital assets	361	-	-	361	152	209	42,1	650	185
Payment for financial assets	-	1	-	1	1	-	100,0	-	-
<b>3.6 PRIORITY PROJECTS FACILITATION</b>									
Current payment	9 756	(4 800)	-	4 956	3971	985	80,1	5 135	276
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	235	-	-	235	77	158	32,8	98	28
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>3.7 HUMAN SETTLEMENT PLANNING</b>									
Current payment	10 870	(1 473)	-	9 397	8 809	588	93,7	9 749	7 916
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	204	15	-	219	180	39	82,2	225	52
Payment for financial assets	-	2	-	2	1	1	50,0	2	1
<b>3.8 SANITATION SERVICES</b>									
Current payment	66 046	(752)	5 000	70 294	66 210	4 084	94,2	403 954	38 212
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	31 800	1 189	-	32 989	32 433	556	98,3	78 723	47 042
Payment for financial assets	-	5	-	5	5	-	100,	-	-
<b>Total</b>	<b>195 011</b>	<b>-</b>	<b>5 000</b>	<b>200 011</b>	<b>187 350</b>	<b>12 661</b>	<b>93,7</b>	<b>207 196</b>	<b>158 375</b>

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Economic classification									
	2011/12							2010/11	
Programme 3: Housing Planning and Delivery Support	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>									
Compensation of employees	83 371	(15 032)	-	68 339	65 321	3 018	95,6	61 156	57 326
Goods and services	73 744	10 277	5 000	89 021	80 842	8 179	90,8	54 893	43 602
Interest and rent on land	108	31	-	139	33	106	23,7	164	30
<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	6 621	3 340	-	9 961	7 961	-	100,0	9 855	9 837
Gifts and donations									
<b>Payment for capital assets</b>									
Buildings and other fixed structures	31 135	1 189	-	32 324	32 324	-	100,0	77 940	46 945
Machinery and equipment	2 007	185	-	2 192	861	1 331	39,3	3 041	515
Heritage assets									
Specialised military assets									
Biological assets									
Land and subsoil assets									
Software and other intangible assets	25	-	-	25	0	25	0	25	-
<b>Payments for financial assets</b>	-	10	-	10	8	2	80,0	122	120
<b>Total</b>	<b>195 011</b>	<b>-</b>	<b>5 000</b>	<b>200 011</b>	<b>187 350</b>	<b>12 661</b>	<b>93,7</b>	<b>207 196</b>	<b>158 375</b>

Detail per sub-programme									
2011/12								2010/11	
Programme 4: Housing Development Finance	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>4.1 MANAGEMENT</b>									
Current payment	2 798	(20)	-	2 778	1 153	1 625	41,5	903	608
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	18	20	-	38	25	13	65,8	10	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.2 FINANCIAL AND FUNDS MANAGEMENT</b>									
Current payment	51 057	(103)	-	50 954	38 158	12 796	74,9	33 976	33 233
Transfers and subsidies	-	-	-	-	-	-	-	1 005	871
Payment for capital assets	319	103	-	422	220	202	52,1	559	429
Payment for financial assets	-	-	-	-	-	-	-	5	5
<b>4.3 HOUSING EQUITY</b>									
Current payment	10 089	-	-	10 089	6 065	4 024	60,1	7 556	6 438
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	105	-	-	105	58	47	55,2	1 025	28
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.4 HUMAN SETTLEMENT DEVELOPMENT</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	14 941 516	-	-	14 941 516	14 941 516	-	100,0	15 041 763	15 041 763
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Detail per sub-programme									
Programme 4: Housing Development Finance	2011/12							2010/11	
	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>4.5 RURAL HOUSEHOLD INFRASTRUCTURE DEVELOPMENT</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	257 508	-	-	257 508	187 353	70 155	72,8	100,0	61 614
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.6 CONTRIBUTIONS</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	487 091	-	-	487 091	484 074	3 017	99,4	353 793	346 192
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.7 HOUSING DISASTER RELIEF GRANT</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	180 000	-	-	180 000	180 000	-	100,0	133 800	133 800
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>4.8 URBAN SETTLEMENT DEVELOPMENT GRANT</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	6 266 998	-	-	6 266 998	6 266 998	-	100,0	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22 197 499</b>	<b>-</b>	<b>-</b>	<b>22 197 499</b>	<b>2 105 620</b>	<b>91 879</b>	<b>99,6</b>	<b>15 674 395</b>	<b>15 624 981</b>

Detail per sub-programme									
2011/12								2010/11	
Programme 5: Strategic Relations and Governance	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>5.1 MANAGEMENT</b>									
Current payment	2 687	2 590	-	5 277	2 923	2 354	55,4	3 558	1 814
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	10	50	-	60	28	32	46,7	40	17
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.2 MANAGEMENT INFORMATION SERVICES</b>									
Current payment	67 512	(9 833)	-	57 659	17 630	40 029	30,6	43 748	27 577
Transfers and subsidies	-	20	-	20	14	6	70,0	1	-
Payment for capital assets	834	73	-	907	112	795	12,3	1 008	491
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.3 INTERGOVERNMENTAL AND INTERNATIONAL RELATIONS</b>									
Current payment	18 475	2 605	-	21 080	19 874	1 206	94,3	14 710	6 993
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	130	40	-	170	77	93	45,3	210	51
Payment for financial assets	-	5	-	5	2	3	40,0	-	-
<b>5.4 COMMUNICATION</b>									
Current payment	34 438	5 000	6 000	45 438	36 968	8 470	81,4	33 164	20 787
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	1 753	-	-	1 753	123	1 630	70,0	661	244
Payment for financial assets	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Detail per sub-programme									
Programme 5: Strategic Relations and Governance	2011/12							2010/11	
	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>5.5 HOUSING INSTITUTIONS</b>									
Current payment	15 226	(3 672)	-	11 554	7 800	3 754	67,5	17 231	10 141
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	107	22	-	129	17	112	13,2	189	49
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.6 STRATEGIC MANAGEMENT</b>									
Current payment	11 114	2 620	-	13 734	12 025	1 709	87,6	22 724	12 692
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	247	-	-	247	110	137	44,5	197	41
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>5.7 TRANSFORMATION</b>									
Current payment	6 917	499	-	7 416	7 261	155	97,9	6 617	5 783
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	28	-	-	28	17	11	60,7	-	1 509
Payment for financial assets	-	1	-	1	1	-	100,0	1	1
<b>5.8 CONTRIBUTION</b>									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 000	-	-	1 000	462	538	46,2	1 000	684
Payment for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>160 478</b>	<b>-</b>	<b>6 000</b>	<b>166 478</b>	<b>105 444</b>	<b>61 034</b>	<b>63,3</b>	<b>145 109</b>	<b>87 384</b>



Detail per sub-programme									
2011/12								2010/11	
Programme 5: Strategic Relations and Governance	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 percentage of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>									
Compensation of employees	58 265	(3 332)	-	54 933	46 831	8 102	85,3	49 941	39 282
Goods and services	97 972	3 133	6 000	107 105	57 634	49 471	53,8	91 651	46 470
Interest and rent on land	132	(12)	-	120	16	104	13,3	160	35
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	1 000	-	-	1 000	462	538	46,2	1 000	684
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	20	-	20	14	6	70,0	1	-
Gifts and donations	-	-	-	-	-	-	-	-	-
<b>Payment for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 009	185	-	3 194	484	2 710	15,2	2 219	832
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	100	-	-	100	-	100	0	136	80
<b>Payments for financial assets</b>	-	6	-	6	3	3	50,0	1	1
<b>Total</b>	<b>160 478</b>	<b>-</b>	<b>6 000</b>	<b>166 478</b>	<b>105 444</b>	<b>61 034</b>	<b>63,3</b>	<b>145 109</b>	<b>87 384</b>

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

## NOTES TO THE APPROPRIATION STATEMENT

### Detail of transfers and subsidies under the Appropriation Act (Act 11 of 2011)(after virement)

Detail of these transactions is disclosed in the note on transfers and subsidies, the disclosure notes and in annexure 1 (A to H) of the annual financial statements.

### Detail of specifically and exclusively appropriated amounts voted (after virement)

Detail of these transactions is disclosed in note 1 (annual appropriation) to the annual financial statements.

### Detail on payments for financial assets

Detail of these transactions is disclosed per programme in the note on payments for financial assets.

### Explanations of material variances from voted amounts (after virement)

Programme	Voted funds after virement R'000	Actual expenditure R'000	Variance	
			R'000	%
1: Administration	222 111	167 552	54 559	24,56
2: Housing Policy Research and Planning	39 442	32 954	6 488	16,45
3: Housing Planning and Delivery Support	200 611	187 950	12 661	6,33
4: Housing Development Finance	22 197 433	22 105 620	91 879	0,41
5: Strategic Relations and Governance	166 478	105 444	61 034	36,66
<b>Total</b>	<b>22 825 541</b>	<b>22 598 920</b>	<b>226 621</b>	<b>0,99</b>

#### Programme 1: Administration

The total adjusted budget of Programme 1 amounted to R222,1 million of which R166,2 million was spent. The variance of R55,8 million can be attributed to the following:

- The Special Investigations Unit (SIU) only managed to spend R25,8 million of an original allocation of R56,1 million which was adjusted to R44,7 million due to late invoicing by the SIU. The Chief Directorate Internal Audit, Risk Management and Special Investigation indicated a saving of R18,9 million but only R11,3 million of the saving could be utilised.
- Funds provided for the leasing of additional office accommodation could not be utilised due to a delay in refurbishment of the offices by the owners. This also resulted in funds provided for leasing, cabling of offices, moving of staff and acquisition of furniture not being utilised.
- The moratorium on the filling of non-critical posts pending the outcome of the turnaround strategy resulted in underspending, not only on the compensation budget but also on employee-related costs.

### Programme 2: Housing Policy Research and Planning

Underspending in Programme 2 mainly resulted from the non-filling of vacancies due to the moratorium on the filling of non-critical vacancies. A further contributing factor was the non-completion of a research project on the development of a national framework for assessing the sustainability of human settlements.

### Programme 3: Housing Planning and Delivery Support

Underspending in Programme 3 resulted from the moratorium on the filling of non-critical vacancies.

### Programme 4: Housing Development Finance

The total budget of Programme 4 amounted to R22,2 billion, of which R22,1 billion was spent. The variance of R91,5 million can be attributed to the following:

- The Rural Household Infrastructure Grant spent R187,3 million of R257,5 million leaving a balance of R70,2 million. This underspending occurred because the building of toilets in the year under review was delayed. (The service providers, who were only appointed in October of the financial year 2010/11, had to finish work from the 2010/11 financial year in the beginning of 2011/12 financial year, which delayed the building of toilets for the 2011/12 financial year.) Other issues that delayed the project included resistance to the implementation model by some municipalities, the non-availability of building material and difficult ground conditions.
- R3 million provided for the closure of the Social Housing Foundation was not required.
- Underspending on compensation of employees occurred because of the moratorium on the filling of non-critical posts and late appointments to critical positions in the latter part of the financial year.

### Programme 5: Strategic Relations and Governance

The total budget of Programme 5 amounted to R166,4 million of which R105,4 million was spent. The variance of R61 million was mainly due to underspending as a result of the delay in payments to be made for infrastructure, architectural enhancement and support services for the HSS, and the projected expenditure on communication. The moratorium on the filling of non-critical posts also contributed to underspending.

The delay in the procurement of computer services is estimated to have resulted in underspending of R32 million. The installation of the virtual private network (VPN) which would have cost about R4 million was delayed due to non-occupation of additional office space and only R8,2 million of an adjusted allocation of R43 million for computer services was spent.

NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Per economic classification	Voted funds after virement R'000	Actual expenditure R'000	Variance	
			R'000	%
<b>Current payments</b>				
Compensation to employees	274 120	242 748	31 372	11
Goods and services	364 318	251 306	113 012	31
Interest and rent on land	605	197	408	67
Financial transactions in assets and liabilities	-	-	-	0
<b>Transfers and subsidies</b>				
Provinces and municipalities	21 388 514	21 388 514	-	0
Departmental agencies and accounts	487 091	484 074	3 017	1
Universities and technikons	-	-	-	0
Foreign governments and international organisations	1 000	462	538	54
Public corporations and private enterprises	-	-	-	0
Non-profit institutions	-	-	-	0
Households	8 131	8 020	11	0
Gifts and donations	-	-	-	0
<b>Payment on capital assets</b>				
Buildings and other fixed structures	2 19 832	2 19 677	70 155	24
Machinery and equipment	11 753	3 870	7 883	67
Biological or cultivated assets	-	-	-	0
Software and other intangible assets	1 235	28	207	88
Land and subsoil assets	-	-	-	0
<b>Payments for financial assets</b>	42	24	18	43
<b>Total</b>	<b>22 825 541</b>	<b>22 598 920</b>	<b>226 621</b>	<b>0,99</b>

#### Compensation to employees

The underspending can be attributed to the moratorium on the filling of non-critical positions pending the outcome of the turnaround strategy. This resulted in underexpenditure not only on the compensation budget but also on employee-related costs.

#### Goods and services

The Special Investigations Unit (SIU) only managed to spend R25,8 million of an original allocation of R56,1 million which was adjusted to R44,7 million due to late invoicing by the SIU. The Chief Directorate Internal Audit, Risk Management and Special Investigation indicated a saving of R18,9 million but only R11,3 million of the saving could be utilised.

Funds provided for the leasing of additional office accommodation could not be utilised due to a delay in refurbishment of the offices by the owners. This also resulted in funds provided for leasing, cabling of offices, moving of staff and acquisition of furniture not being utilised.

Underspending can also be attributed to a delay in payments to be made for infrastructure, architectural enhancement and support services for the HSS, and the projected expenditure on communication. The delay in the procurement of computer services is estimated to have resulted in underspending of R32 million. The installation of the virtual private network (VPN) which would have cost about R4 million was delayed due to non-occupation of additional office space and only R8,2 million of an adjusted allocation of R43 million for computer services was spent.

The moratorium on the filling of non-critical posts pending the outcome of the turnaround strategy resulted in underspending, not only on the compensation budget but also on employee-related costs.

#### Transfers and subsidies

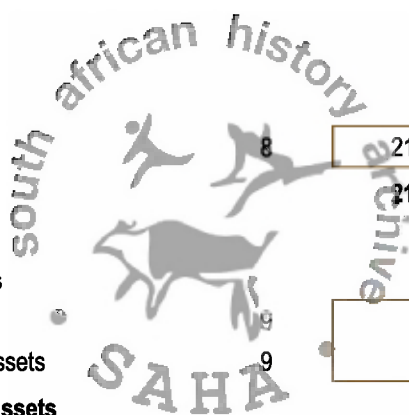
Three million rand provided for the closure of the Social Housing Foundation was not required.

#### Buildings and other fixed structures

The Rural Household Infrastructure Grant spent R187,3 million of R257,5 million leaving a balance of R70,2 million. This underspending occurred because the building of toilets in the year under review was delayed. (The service providers, who were only appointed in October of the financial year 2010/11, had to finish work from the 2010/11 financial year in the beginning of 2011/12 financial year, which delayed the building of toilets for the 2011/12 financial year.) Other issues that delayed the project included resistance to the implementation model by some municipalities, the non-availability of building material and difficult ground conditions.

STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
<b>REVENUE</b>			
Annual appropriation	1	22 825 541	16 291 759
Departmental revenue	2	610	2 826
Aid assistance	3	-	1 798
<b>TOTAL REVENUE</b>		<b>22 826 151</b>	<b>16 296 383</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	242 748	216 455
Goods and services	5	251 306	222 457
Interest and rent on land	6	197	173
Aid assistance	3	-	1 798
<b>Total current expenditure</b>		<b>494 251</b>	<b>440 883</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	8	21 881 070	15 533 357
<b>Total transfers and subsidies</b>		<b>21 881 070</b>	<b>15 533 357</b>
<b>Expenditure for capital assets</b>			
Tangible capital assets	9	223 547	118 942
Software and other intangible assets	9	28	370
<b>Total expenditure for capital assets</b>		<b>223 575</b>	<b>119 312</b>
<b>Payments for financial assets</b>	7	24	199
<b>TOTAL EXPENDITURE</b>		<b>22 598 920</b>	<b>16 093 751</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>227 231</b>	<b>202 632</b>
<b>Reconciliation of net surplus/(deficit) for the year</b>			
Voted funds	14	226 621	199 806
Departmental revenue and NRF receipts	15	610	2 826
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>227 231</b>	<b>202 632</b>



STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>226 891</b>	<b>200 193</b>
Cash and cash equivalents	10	219 801	201 710
Prepayments and advances	11	5 319	520
Receivables	12	1 771	(2 037)
<b>Non-current assets</b>		<b>880 604</b>	<b>880 604</b>
Investments	13	880 604	880 604
<b>TOTAL ASSETS</b>		<b>1 107 495</b>	<b>1 080 797</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>226 719</b>	<b>200 049</b>
Voted funds to be surrendered to the Revenue Fund	14	226 621	199 805
Departmental revenue and NRF receipts to be surrendered to the Revenue Fund	15	12	49
Payables	16	86	195
<b>Non-current liabilities</b>			
<b>TOTAL LIABILITIES</b>		<b>226 719</b>	<b>200 049</b>
<b>NET ASSETS</b>		<b>880 776</b>	<b>880 748</b>
<b>Represented by:</b>			
Capitalisation reserve		880 604	880 604
Recoverable revenue		172	144
<b>TOTAL</b>		<b>880 776</b>	<b>880 748</b>



STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
<b>Capitalisation reserves</b>			
Opening balance	13	880 604	880 604
Closing balance		<u>880 604</u>	<u>880 604</u>
<b>Recoverable revenue</b>			
Opening balance		144	212
Transfers:		28	(68)
Debts recovered (included in Departmental receipts)		<u>28</u>	<u>(68)</u>
Closing balance		<u>172</u>	<u>144</u>
<b>TOTAL</b>		<u><b>880 776</b></u>	<u><b>880 748</b></u>





CASH FLOW STATEMENT  
for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>22 826 151</b>	<b>16 296 382</b>
Annual appropriated funds received	1.1	22 825 541	16 291 758
Departmental revenue received	2	610	2 826
Aid assistance	3	-	1 798
Net (increase)/decrease in working capital		8 716	6 437
Surrendered to Revenue Fund		(200 452)	(237 252)
Surrendered to RDP Fund/Donor			
Current payments		(494 256)	(440 883)
Payments for financial assets		(24)	(199)
Transfers and subsidies paid		(21 881 070)	(15 533 357)
<b>Net cash flow available from operating activities</b>	<b>27</b>	<b>241 638</b>	<b>91 128</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
Payments for capital assets		(223 575)	(119 312)
<b>Net cash flows from investment activities</b>		<b>(223 575)</b>	<b>(119 312)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		28	(68)
<b>Net cash flows from financing activities</b>		<b>28</b>	<b>(68)</b>
Net increase/(decrease) in cash and cash equivalents		18 091	(28 252)
Cash and cash equivalents at beginning of period		201 710	229 962
<b>Cash and cash equivalents at end of period</b>	<b>28</b>	<b>219 801</b>	<b>201 710</b>

## ACCOUNTING POLICIES

The financial statements were prepared in accordance with the following policies, which were applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information was disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (Act 1 of 1990 (as amended by Act 29 of 1999)), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act (Act 1 of 2010).

### 1. Presentation of the financial statements

#### 1.1 Basis of preparation

The financial statements were 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 are presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

#### 1.3 Rounding

Unless stated otherwise, all financial figures were rounded to the nearest one thousand rand (R'000).

#### 1.4 Comparative figures

Prior period comparative information is presented in the current year's financial statements. Where necessary, figures included in the prior period financial statements were 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 comprise departmental allocations as well as direct charges against the Revenue Fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation became effective. Adjustments made in terms of the adjustment budget process are recognised in the financial records on the date the adjustments became 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 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.

Any amount owing to the National/Provincial Revenue Fund at the end of the financial year is recognised as 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 notes 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 was received and was 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 was effected on the system (no later than 31 March of each year).

## 2.5 Aid assistance

Aid 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 was effected on the system (no later than 31 March of each year)

The value of the assistance expensed prior to the receipt of funds is recognised as 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 the funds are received. Cash payments made during the year to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments was effected on the system (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 was effected on the system (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 their face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% 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 was effected on the system (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 former 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 was effected on the system (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 exceeded the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

Rent 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 was effected on the system (by no later than 31 March of each year). This item excludes rental for the usage of buildings or other fixed structures. If it is not possible to distinguish between payment for the usage 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.

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 was effected on the system (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.

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 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 initially be 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

###### 4.8.1.1 Initial recognition

A capital asset is recorded in the asset register at cost on receipt of the item. The 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 at R1.

###### 4.8.1.2 Subsequent recognition

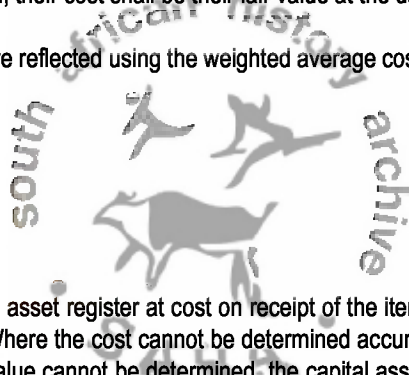
Subsequent expenditure of a capital nature is recorded in the statement of financial performance as expenditure for capital assets and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current 'goods and services' in the statement of financial performance.

##### 4.8.2 Immovable assets

###### 4.8.2.1 Initial recognition

A capital asset is recorded at cost on receipt of the item. The 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.



#### 4.8.2.2 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 are expensed as current goods and services in the statement of financial performance.

#### 4.8.3 Intangible assets

##### 4.8.3.1 Initial recognition

An intangible asset is recorded in the asset register at cost on receipt of the item. The cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.

##### 4.8.3.2 Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as expenditure for capital asset and is capitalised in the asset register of the Department.

Maintenance is expensed as current goods and services in the statement of financial performance.

## 5. Liabilities

### 5.1 Payables

Recognised payables mainly comprise amounts owing to other government entities. These payables are carried at cost in the statement of financial position.

### 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

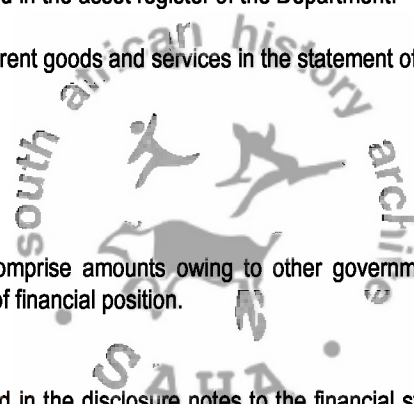
Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

### 5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as an 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 an 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 in the statement of financial position.

## 5.7 Lease commitments

### 5.7.1 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.

### 5.7.2 Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. Operating lease commitments are disclosed in the disclosure notes to the financial statements.

## 5.8 Impairment

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 the difference between the carrying amount and the present value of the expected future cash flows/service potential flowing from the instrument.

## 5.9 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefit as a result of events in the past and it is probable that an outflow of resources embodying economic benefit 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 financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

### 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 regard to related party transactions is included in the disclosure notes to the financial statements.

### 9. Key management personnel

Compensation paid to key management personnel, including their family members where relevant, is included in the disclosure notes to the financial statements.

### 10. Public-private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement are included in the disclosure notes to the financial statements.



## 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.

Programmes	2011/12		Funds not request- ed/not received R'000	2010/11
	Final ap- propriation R'000	Actual funds received R'000		Appropriation received R'000
Administration	222 111	233 111	(11 000)	211 997
Housing Policy, Research and Monitoring	39 442	39 442	-	47 686
Housing Planning and Delivery Support	200 011	195 011	5 000	225 221
Housing Development Finance	22 197 499	22 197 499	-	15 649 194
Strategic Relations and Governance	166 478	160 478	6 000	157 660
<b>Total</b>	<b>22 825 541</b>	<b>22 825 541</b>	<b>-</b>	<b>16 291 758</b>

### Explanation for funds not requested/not received

Funds for April 2011 and December 2011 were revised by National Treasury after the Department had already received the funds resulting in over-or under-requesting during those periods. However, these were later corrected to be in line with revised drawings received.

## 2. Departmental revenue

	Note	2011/12 R'000	2010/11 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	302	123
Interest, dividends and rent on land	2.2	23	23
Sales of capital assets			
Transactions in financial assets and liabilities	2.3	285	2 680
<b>Departmental revenue collected</b>		<b>610</b>	<b>2 826</b>

### 2.1 Sales of goods and services other than capital assets

	Note	2011/12 R'000	2010/11 R'000
Sales of goods and services produced by the Department		300	121
Sales by market establishment		196	35
Other sales		104	86
Sales of scrap, waste and other used current goods		2	2
<b>Total</b>		<b>302</b>	<b>123</b>

### 2.2 Interest, dividends and rent on land

	Note	2011/12 R'000	2010/11 R'000
Interest	2	23	23
<b>Total</b>		<b>23</b>	<b>23</b>

### 2.3 Transactions in financial assets and liabilities

	Note	2011/12 R'000	2010/11 R'000
Receivables	2	43	128
Other receipts including recoverable revenue		242	2 552
<b>Total</b>		<b>285</b>	<b>2680</b>

### 3. Aid assistance

#### 3.1 Aid assistance received in cash from RDP

	2011/12 R'000	2010/11 R'000
<b>Foreign</b>		
Opening balance		
Revenue	-	1 798
Expenditure	-	(1 798)
Current	-	(1 798)
<b>Closing balance</b>	-	-

### 4. Compensation of employees

#### 4.1 Salaries and wages

	2011/12 R'000	2010/11 R'000
Basic salary	162 817	147 186
Performance award	4 305	3 538
Service based	664	370
Compensative/circumstantial	5 577	4 416
Other non-pensionable allowances	41 512	36 688
<b>Total</b>	<b>214 875</b>	<b>192 198</b>

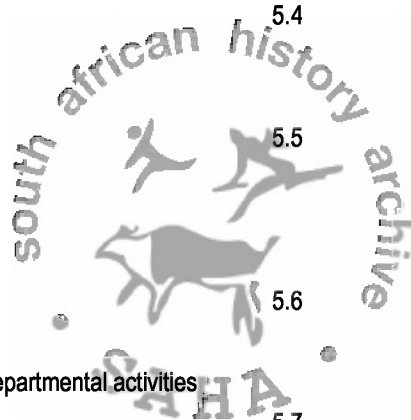


#### 4.2 Social contributions

	2011/12 R'000	2010/11 R'000
<b>Employer contributions</b>		
Pension	19 310	17 320
Medical	8 528	6 904
Bargaining council	35	33
<b>Total</b>	<b>27 873</b>	<b>24 257</b>
<b>Total compensation of employees</b>	<b>242 748</b>	<b>216 455</b>
Average number of employees	876	696

## 5. Goods and services

	Note	2011/12 R'000	2010/11 R'000
Administrative fees		357	156
Advertising		10 393	5 295
Assets less than R5 000	5.1	1 591	1 753
Bursaries (employees)		1 135	1 144
Catering		3 695	1 359
Communication		8 103	7 323
Computer services	5.2	12 855	28 177
Consultants, contractors and agency/outsourced services	5.3	107 448	82 161
Entertainment		223	121
Audit cost – external	5.4	5 208	6 542
Fleet services		88	-
Inventory	5.5	4 718	5 215
Housing			
Operating leases		17 962	18 658
Property payments	5.6	4 204	6 189
Rental and hiring		-	-
Transport provided as part of departmental activities		-	-
Travel and subsistence	5.7	56 513	41 590
Venues and facilities		11 359	10 811
Training and staff development		3 197	3 025
Other operating expenditure	5.8	2 257	2 938
<b>Total</b>		<b>251 306</b>	<b>222 457</b>



### 5.1 Assets less than R5 000

	Note	2011/12	2010/11
	5	R'000	R'000
<b>Tangible assets</b>		<b>1 591</b>	<b>1 744</b>
Machinery and equipment		1 591	1 744
<b>Intangible assets</b>		<b>-</b>	<b>9</b>
<b>Total</b>		<b>1 591</b>	<b>1 753</b>

### 5.2 Computer services

	Note	2011/12	2010/11
	5	R'000	R'000
SITA computer services		11 929	24 140
External computer service providers		926	4 037
<b>Total</b>		<b>12 855</b>	<b>28 177</b>

### 5.3 Consultants, contractors and agency/outsourced services

	Note	2010/11	2011/12
	5	R'000	R'000
Business and advisory services		100 043	75 042
Legal costs		3 616	988
Contractors		2 930	2 353
Agency and support/outsourced services		859	3 778
<b>Total</b>		<b>107 448</b>	<b>82 161</b>



#### 5.4 Audit cost – external

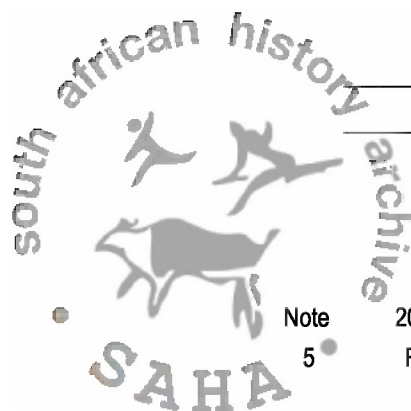
	Note	2011/12	2010/11
	5	R'000	R'000
Regularity audits		5 208	6 541
Performance audits		-	1
<b>Total</b>		<b>5 208</b>	<b>6 542</b>

#### 5.5 Inventory

	Note	2011/12	2010/11
	5	R'000	R'000
Food and food supplies		17	14
Fuel, oil and gas		458	392
Other consumable materials		844	621
Materials and supplies		65	35
Stationery and printing		3 334	4 153
<b>Total</b>		<b>4 718</b>	<b>5 215</b>

#### 5.6 Property payments

	Note	2011/12	2010/11
	5	R'000	R'000
Municipal services		3 501	5 240
Other		703	949
<b>Total</b>		<b>4 204</b>	<b>6 189</b>



### 5.7 Travel and subsistence

	Note	2011/12 R'000	2010/11 R'000
Employee costs	5	55 677	41 536
Domestic travel costs		50 633	40 104
International travel costs		5 044	1 432
Per diem allowance		-	-
Non-employee costs		836	54
Domestic travel costs		836	54
International travel costs		-	-
<b>Total</b>		<b>56 513</b>	<b>41 590</b>

Note: There are changes in Standard Chart of Accounts made by National Treasury resulting in further classification of travelling expenditure.

### 5.8 Other operating expenditure

	Note	2011/12 R'000	2010/11 R'000
Professional bodies, membership and subscription fees	5	81	136
Resettlement costs		542	986
Other		1 634	1 816
<b>Total</b>		<b>2 257</b>	<b>2 938</b>

### 6. Interest and rent on land

	2011/12 R'000	2010/11 R'000
Interest paid	197	173
<b>Total</b>	<b>197</b>	<b>173</b>

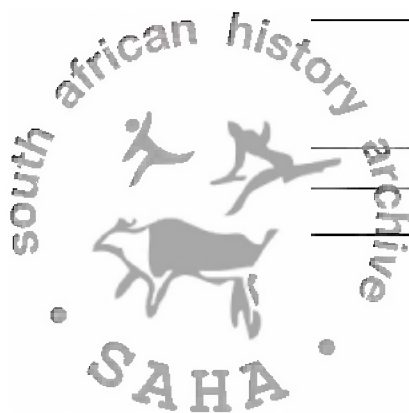


## 7. Payments for financial assets

	Note	2011/12 R'000	2010/11 R'000
Debts written off	7.1	24	199
<b>Total</b>		<b>24</b>	<b>199</b>

### 7.1 Debts written off

No Show		14	5
Bad debts		1	6
Damage to vehicles		9	186
Admin traffic fines		-	2
<b>Total</b>		<b>24</b>	<b>199</b>
<b>Total</b>		<b>24</b>	<b>199</b>
<b>Total debt written off</b>		<b>24</b>	<b>199</b>



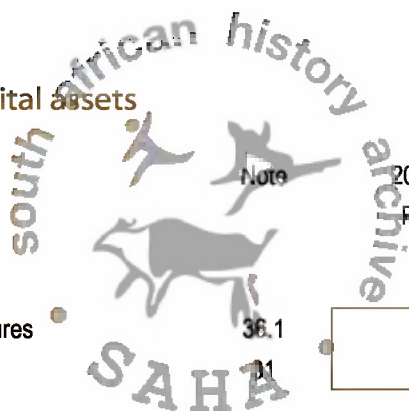
## 8. Transfers and subsidies

	Note	2011/12 R'000	2010/11 R'000
Provinces and municipalities	49, 50, Annex 1A, Annex 1B	21 388 514	15 175 563
Departmental agencies and accounts	Annex 1C	484 074	346 192
Universities and technikons	Annex 1D	-	-
Foreign governments and international organisations	Annex 1F	462	684
Households	Annex 1H	8 020	10 888
Gifts, donations and sponsorships	Annex 1K	-	30
<b>Total</b>		<b>21 881 070</b>	<b>15 533 357</b>

Unspent funds transferred to the above beneficiaries.

## 9. Expenditure for capital assets

	Note	2011/12 R'000	2010/11 R'000
<b>Tangible assets</b>		<b>223 547</b>	<b>118 942</b>
Buildings and other fixed structures	36.1	219 678	108 558
Machinery and equipment	31	3 869	10 384
<b>Software and other intangible assets</b>		<b>28</b>	<b>370</b>
Computer software	35.1	28	370
<b>Total</b>		<b>223 575</b>	<b>119 312</b>



9.1 Analysis of funds utilised to acquire capital assets – 2011/12

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>223 547</b>	-	<b>223 547</b>
Buildings and other fixed structures	219 678	-	219 678
Machinery and equipment	3 869	-	3 869

9.2 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>

## 10. Cash and cash equivalents

	2011/12 R'000	2010/11 R'000
Consolidated Paymaster General Account	231 686	238 514
Disbursements	(11 930)	(36 849)
Cash on hand	45	45
<b>Total</b>	<b>219 801</b>	<b>201 710</b>

## 11. Prepayments and advances

	2011/12 R'000	2010/11 R'000
Travel and subsistence	24	-
Advances paid to other entities	5 295	520
<b>Total</b>	<b>5 319</b>	<b>520</b>

## 12. Receivables

		2011/12				2010/11
	Note	R'000 Less than one year	R'000 One to three years	R'000 Older than three years	R'000 Total	R'000 Total
Claims recoverable	12.1 Annex	59	-	3	62	1 359
Trade receivables						
Recoverable expenditure	12.2	459	192	53	704	(4 022)
Staff debt	12.3	111	33	2	146	161
Other debtors	12.4	755	101	3	859	465
<b>Total</b>		<b>1 384</b>	<b>326</b>	<b>61</b>	<b>1 771</b>	<b>(2 037)</b>

### 12.1 Claims recoverable

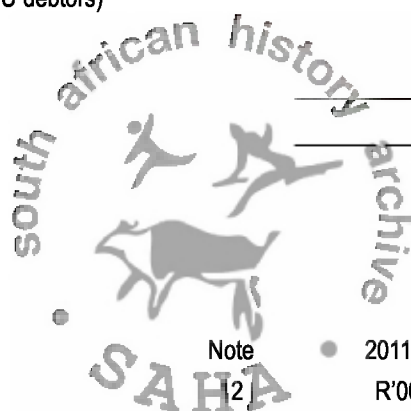
	Note	2011/12	2010/11
	12	R'000	R'000
National departments		62	1 359
<b>Total</b>		<b>62</b>	<b>1 359</b>

### 12.2 Recoverable expenditure (disallowance accounts)

	2011/12	2010/11
	R'000	R'000
(Group major categories, but list material items)		
Disallowance miscellaneous (SIU debtors)	30	(4 416)
Damage to vehicles	674	394
<b>Total</b>	<b>704</b>	<b>(4 022)</b>

### 12.3 Staff debt

	Note	2011/12	2010/11
	12	R'000	R'000
(Group major categories, but list material items)			
Telephone		6	9
Study		57	55
Vehicle		-	2
No show (9 employees)		10	1
Housing guarantee		-	9
Salaries		73	85
<b>Total</b>		<b>146</b>	<b>161</b>

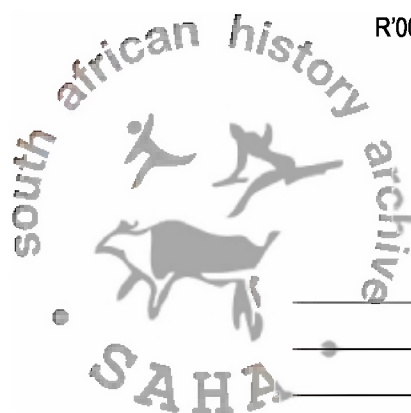


#### 12.4 Other debtors

	2011/12 R'000	2010/11 R'000
(Group major categories, but list material items)		
Suppliers	781	227
Vat vendors	78	238
<b>Total</b>	<b>859</b>	<b>465</b>

#### 13. Investments

	2011/12 R'000	2010/11 R'000
<b>Non-Current</b>		
<b>Shares and other equity</b>		
(List investments at cost)		880 000
NHFC	880 000	604
Servcon	604	
<b>Total</b>	<b>880 604</b>	<b>880 604</b>
<b>Total non-current</b>	<b>880 604</b>	<b>880 604</b>



#### 14. Voted funds to be surrendered to the Revenue Fund

	Note	2011/12 R'000	2010/11 R'000
Opening balance		199 805	234 444
Transfer from statement of financial performance		226 621	199 806
Voted funds not requested/not received	1.1	-	(1)
Paid during the year		(199 805)	(234 444)
<b>Closing balance</b>		<b>226 621</b>	<b>199 805</b>

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

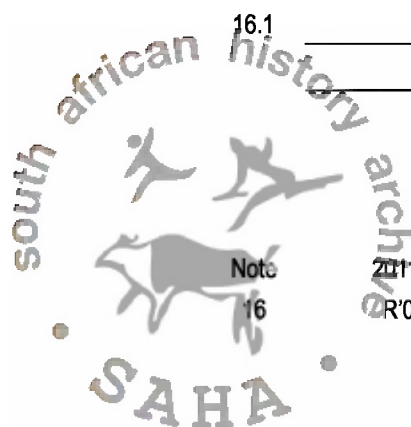
	2011/12 R'000	2010/11 R'000
Opening balance	49	31
Transfer from statement of financial performance	610	2 826
Paid during the year	(647)	(2 808)
<b>Closing balance</b>	<b>12</b>	<b>49</b>

### 16. Payables – current

	Note	2011/12 Total	2010/11 Total
Clearing accounts	16.1	86	195
<b>Total</b>		<b>86</b>	<b>195</b>

#### 16.1 Clearing accounts

	Note	2011/12 R'000	2010/11 R'000
Salary income tax: CL	16	84	189
Pension fund		4	5
Medical aid		(2)	1
<b>Total</b>		<b>86</b>	<b>195</b>



## 17. Net cash flow available from operating activities

	2011/12 R'000	2010/11 R'000
Net surplus/(deficit) as per statement of financial performance	227 231	202 632
Add back non-cash/cash movements not deemed operating activities	14 407	(111 504)
(Increase)/decrease in receivables – current	(3 808)	6 755
(Increase)/decrease in prepayments and advances	(4 799)	(462)
Increase/(decrease) in payables – current	(109)	144
Expenditure on capital assets	223 575	119 312
Surrenders to Revenue Fund	(200 452)	(237 252)
Voted funds not requested/not received	-	(1)
<b>Net cash flow generated by operating activities</b>	<b>241 638</b>	<b>91 128</b>

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

	2010/11 R'000	2011/12 R'000
Consolidated Paymaster General Account	231 686	238 514
Disbursements	(11 930)	(36 849)
Cash on hand	45	45
<b>Total</b>	<b>219 801</b>	<b>201 710</b>



## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	2011/12 R'000	2010/11 R'000
<b>Liable to</b>	<b>Nature</b>			
Housing loan guarantees	Employees	Annex 3A	85	102
Claims against the department		Annex 3B	-	-
Other departments (interdepartmental unconfirmed balances)		Annex 5	76	78
<b>Total</b>			<b>161</b>	<b>180</b>

The Department has been reporting on matters where they are cited as a respondent. The financial implications relating to these claims lie with the provincial departments. The balance of R4 920 000 as at 31 March 2011 reported in the annual financial statements ending 31 March 2011 were in respect of these balances and have been restated in the current year as there is no financial implications to the Department.

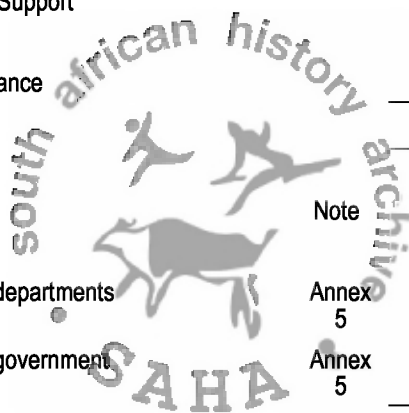
### 20. Commitments

	2011/12 R'000	2010/11 R'000
<b>Current expenditure</b>		
Approved and contracted	40 388	52 647
Approved but not yet contracted	14	11 523
	<b>40 402</b>	<b>64 170</b>
<b>Capital expenditure</b>		
Approved and contracted	70 328	40 891
Approved but not yet contracted	868 522	1 100 022
	<b>938 850</b>	<b>1 140 913</b>
<b>Total commitments</b>	<b>979 252</b>	<b>1 205 083</b>

The 2010/2011 balance has been restated to include commitments on capital expenditure on the Rural Households Infrastructure Grant for which commitments were entered into by 31 March 2011.

## 21. Accruals

			2011/12	2010/11
			R'000	R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	-	8 323	8 323	8 059
Capital assets	-	-	-	8
Other	15	-	15	15
<b>Total</b>	<b>15</b>	<b>8 323</b>	<b>8 338</b>	<b>8 067</b>
Listed by programme level				
Administration			2 580	4 914
Housing Policy, Research and Monitoring			1 031	174
Housing Planning and Delivery Support			1 194	760
Housing Development Finance			2 346	1 095
Strategic Relations and Governance			1 187	1 124
<b>Total</b>			<b>8 338</b>	<b>8 067</b>
Confirmed balances with other departments				
	Note		2011/12	2010/11
			R'000	R'000
Confirmed balances with other departments	Annex 5		53	1 147
Confirmed balances with other government entities	Annex 5		23	4 558
<b>Total</b>			<b>76</b>	<b>5 707</b>



## 22. Employee benefits

	2011/12 R'000	2010/11 R'000
Leave entitlement	7 053	4 815
Service bonus (thirteenth cheque)	5 879	5 386
Performance awards	4 305	4 335
Capped leave commitments	7 441	6 900
Other		
<b>Total</b>	<b>24 678</b>	<b>21 436</b>

2011/12 Staff receivables R684

2010/11 Staff receivables R1121

## 23. Lease commitments

### 23.1 Operating leases expenditure

2011/12	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	14 097	-	14 097
Later than 1 year and not later than 5 years	-	-	81 908	-	81 908
Later than five years	-	-	10 051	-	10 051
<b>Total lease commitments</b>			<b>106 056</b>		<b>106 056</b>

2010/11	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
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 five years	-	-	105 380	-	105 380
<b>Total lease commitments</b>			<b>234 854</b>		<b>234 854</b>

23.2 Finance leases expenditure\*\*

2011/12	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	2 618	2 618
Later than 1 year and not later than 5 years	-	-	-	2 716	2 716
Later than five years					
<b>Total lease commitments</b>	-	-	-	<b>5 334</b>	<b>5 334</b>
Less: Finance costs	-	-	-	616	616
<b>Total present value of lease liabilities</b>				<b>4 718</b>	<b>4 718</b>

2010/11	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	857	857
Later than 1 year and not later than 5 years	-	-	-	78	78
Later than five years					
<b>Total lease commitments</b>	-	-	-	<b>935</b>	<b>935</b>
Less: Finance costs	-	-	-	46	46
<b>Total present value of lease liabilities</b>				<b>889</b>	<b>889</b>

**Note:** Included in the 2010/11 balance is the commitment in respect of 260 Justice Mahomed Street. During the period under review 260 Justice Mahomed Street was not occupied as refurbishment by the owners had not been completed and the occupancy date cannot be determine and reasonable of the commitments could not be made.

## 24. Irregular expenditure

### 24.1 Reconciliation of irregular expenditure

	2011/12 R'000	2010/11 R'000
Opening balance	15 285	2 659
Add: Irregular expenditure – relating to prior year	316	526
Add: Irregular expenditure – relating to current year	2 683	12 100
Less: Amounts condoned	-	-
<b>Irregular expenditure awaiting condonation</b>	<b>18 284</b>	<b>15 285</b>

### Analysis of awaiting condonation per age classification

Current year	-	109
<b>Total</b>	<b>-</b>	<b>109</b>

### 24.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2011/12 R'000
Evaluation criteria not specified in bid documents	Under investigation	1 791
Non-compliance with procurement policy	Under investigation	98
Acting allowance	Under investigation	794
<b>Total</b>		<b>2 683</b>

## 25. Fruitless and wasteful expenditure

### 25.1 Reconciliation of fruitless and wasteful expenditure

	2011/12 R'000	2010/11 R'000
Opening balance	3	3
<b>Fruitless and wasteful expenditure awaiting condonement</b>	<b>3</b>	<b>3</b>

## 26. Related-party transactions

	2011/12 R'000	2010/11 R'000
<b>Other</b>		
Guarantees issued/received		
List other contingent liabilities between department and related party		
<b>Total</b>		

### List related-party relationships

South African Housing fund  
Servcon  
Social Housing Foundation  
National Urban Reconstruction and Housing Agency  
National Home Builder's Registration Council  
National Housing Finance Corporation  
Thubelisha Homes  
Housing Development Agency  
Social Housing Regulatory Authority

## 27. Key management personnel

	No. of individuals	2011/12 R'000	2010/11 R'000
Political office bearers	2	3 468	3 277
Officials:			
Level 15 to 16	8	8 810	8 223
Level 14 (incl. CFO if at a lower level)	26	21 235	20 110
Family members of key management personnel			
<b>Total</b>		<b>33 513</b>	<b>31 610</b>

## 28. Impairment

	2011/12 R'000	2010/11 R'000
<b>Impairment</b>		
Debtors	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

## 29. Provisions

	2011/12 R'000	2010/11 R'000
VAT vendors	46	73
<b>Total</b>	<b>46</b>	<b>73</b>



### 30. Movable tangible capital assets

	Opening balance R'000	2011/12 Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>48 256</b>	<b>2 023</b>	<b>2 506</b>	<b>902</b>	<b>51 883</b>
Transport assets	1 682	-	-	619	1 063
Computer equipment	22 973	1 233	1 109	116	25 199
Furniture and office equipment	13 626	330	843	85	14 714
Other machinery and equipment	9 975	460	554	82	10 907
<b>TOTAL</b>	<b>48 256</b>	<b>2 023</b>	<b>2 506</b>	<b>902</b>	<b>51 883</b>

#### 30.1 Additions to movable tangible capital assets

	Cash R'000	Non-cash R'000	(Capital work in progress current costs and finance lease payments) R'000	Received cur- rent, not paid (paid current year, received prior year) R'000	Total R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>3 869</b>		<b>(1 363)</b>	<b>-</b>	<b>2 506</b>
Transport assets	-	-	-	-	-
Computer equipment	1 109	-	-	-	1 109
Furniture and office equipment	843	-	-	-	843
Other machinery and equipment	1 917	-	(1 363)	-	554
<b>TOTAL</b>	<b>3 869</b>	<b>-</b>	<b>(1 363)</b>	<b>-</b>	<b>2 506</b>



### 30.2 Disposals of movable tangible capital assets

	Sold for cash R'000	Transferred out or destroyed or scrapped R'000	Total disposals R'000	Cash received actual R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>619</b>	<b>283</b>	<b>902</b>	<b>153</b>
Transport assets	619	-	619	153
Computer equipment	-	116	116	-
Furniture and office equipment	-	85	85	-
Other machinery and equipment	-	82	82	-
<b>TOTAL</b>	<b>619</b>	<b>283</b>	<b>902</b>	<b>153</b>

### 30.3 Movement of movable tangible capital assets

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>40 033</b>	<b>9 056</b>	<b>833</b>	<b>48 256</b>
Transport assets	1 193	489	-	1 682
Computer equipment	16 599	6 993	619	22 973
Furniture and office equipment	12 794	886	54	13 626
Other machinery and equipment	9 447	688	160	9 975
<b>TOTAL</b>	<b>40 033</b>	<b>9 056</b>	<b>833</b>	<b>48 256</b>

### 31. Minor assets

	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	-	1 097	-	11 576	-	12 673
Current year adjustments to prior year balances	-	-	-	1 868	-	1 868
Additions	-	8	-	1 526	-	1 534
Disposals	-	-	-	126	-	126
<b>TOTAL</b>	<b>-</b>	<b>1 105</b>	<b>-</b>	<b>14 844</b>	<b>-</b>	<b>15 949</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	5	-	65	-	70
Number of minor assets at cost	-	1 030	-	10 882	-	11 912
<b>TOTAL</b>	<b>-</b>	<b>1 035</b>	<b>-</b>	<b>10 947</b>	<b>-</b>	<b>11 982</b>

#### 31.1 Additions

	Cash R'000	Non-cash R'000	(Develop- ment workin- progress current costs) R'000	Received current, not paid (paid current year, received prior year) R'000	Total R'000
COMPUTER SOFTWARE	28	-	-	-	28
<b>TOTAL</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28</b>

### 31.2 Movement for 2011/12

	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	-	<b>11 309</b>
Current year adjustments to prior year balances	-	-	-	-	-	-
Additions	-	28	-	1 652	-	<b>1 680</b>
Disposals	-	-	-	316	-	<b>316</b>
<b>TOTAL</b>	-	<b>1 097</b>	-	<b>11 576</b>	-	<b>12 673</b>

### 31.3 Movement for 2010/11

	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
Number of R1 minor assets	-	5	-	65	-	70
Number of minor assets at cost	-	1 026	-	7 334	-	8 360
<b>TOTAL</b>	-	<b>1 031</b>	-	<b>7 399</b>	-	<b>8 430</b>

## 32. Intangible capital assets

### 32.1 Movement for 2011/12

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
COMPUTER SOFTWARE	3 666	(113)	28	-	3 581
<b>TOTAL</b>	<b>3 666</b>	<b>(113)</b>	<b>28</b>	<b>-</b>	<b>3 581</b>

### 32.2 Movement 2010/11

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
COMPUTER SOFTWARE	3 296	370	-	3 666
<b>TOTAL</b>	<b>3 296</b>	<b>370</b>	<b>-</b>	<b>3 666</b>

## 33. Immovable tangible capital assets

	Opening balance R'000	Curryear adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	-	<b>100 533</b>	<b>100 533</b>	-
Other fixed structures	-	-	100 533	100 533	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>100 533</b>	<b>100 533</b>	<b>-</b>

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

33.1 Additions

	Cash R'000	Non-cash R'000	(Capital work in progress current costs and finance lease payments) R'000	Received current, not paid (paid current year, received prior year) R'000	Total R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	187 353	5 184	(92 004)		100 533
Other fixed structures	<b>187 353</b>	<b>5 184</b>	<b>(92 004)</b>		<b>100 533</b>
<b>TOTAL</b>	<b>187 353</b>	<b>5 184</b>	<b>(92 004)</b>		<b>100 533</b>

Note: Capital work in progress is units where work has started or been completed but not handed over yet.

33.2 Disposals

	Sold for cash R'000	Transferred out or destroyed or scrapped R'000	Total disposals R'000	Cash received actual R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>		100 533	100 533	
Other fixed structures		100 533	100 533	
<b>TOTAL</b>		<b>100 533</b>	<b>100 533</b>	

33.3 Movement for 2010/11

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	<b>103 374</b>	<b>103 374</b>	-
Other fixed structures	-	103 374	103 374	-
<b>TOTAL</b>	-	<b>103 374</b>	<b>103 374</b>	-

**Note:** The additions and disposal balances for the year-end 31 March 2011 have been restated to exclude R5 184 000 that represented work in progress at that stage.



### 34. Transfer of functions

These notes provide a description of the changes that resulted from the transfer or receipt of functions.

Assets from the Department of Water Affairs (DWA) to the amount of R1 188 603,47 are not included in the asset register pending the submission of the transferring documents and the signatures of the Accounting Officers of both Departments.

Assets transferred to the Department of Defence to the amount of R476 953,61 were not acknowledged pending the signature of the Accounting Officer at the Department of Defence (PFMA, section 42, paragraph 2). These assets still appear on the asset register of the Department since the transfer process has not been finalised.



## ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### Statement of conditional grants paid to the provinces

NAME OF PROVINCE OR GRANT	GRANT ALLOCATION				TRANSFER			SPENT			2010/11
	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 %	Amount received by Department R'000	Amount spent by Department R'000	Percentage of available funds spent by Department %	Division of Revenue Act R'000
Eastern Cape	2 177 676	-	-	2 177 676	2 177 676	-	-	2 177 676	1 897 076	87	1 637 646
Free State	913 907	-	-	913 907	913 907	-	-	913 907	903 431	99	1 037 691
Gauteng	3 804 611	-	-	3 804 611	3 804 611	-	-	3 804 611	3 786 015	100	3 886 831
KwaZulu-Natal	2 769 871	-	-	2 769 871	2 769 871	-	-	2 769 871	2 769 872	100	2 634 109
Limpopo	1 398 914	-	-	1 398 914	1 398 914	-	-	1 398 914	1 259 394	90	1 364 750
Mpumalanga	916 677	-	-	916 677	916 677	-	-	916 677	916 673	100	975 863
Northern Cape	322 639	-	-	322 639	322 639	-	-	322 639	322 617	100	447 260
North West	998 376	-	-	998 376	998 376	-	-	998 376	1 148 708	115	1 188 770
Western Cape	1 638 845	-	-	1 638 845	1 638 845	-	-	1 638 845	1 635 001	100	1 868 843
<b>TOTAL</b>	<b>14 941 516</b>	<b>-</b>	<b>-</b>	<b>14 941 516</b>	<b>14 941 516</b>	<b>-</b>	<b>-</b>	<b>14 941 516</b>	<b>14 638 787</b>		<b>15 041 763</b>

13 (1)(a) The total amount of R14 941 516 was transferred to provinces.

(b) No amounts have been withheld as yet.

(c) No amounts were reallocated.

(d) All funds were transferred into the primary bank account of the provincial departments.

(e) The grant was not utilised for any administrative purpose except in terms of Operational Capital Budget (OPSCAP) programme, which allows the provinces to utilise a certain percentage maximum of 5% of the voted allocation (grant) to support the approved national and provincial housing programmes and priorities.



Statement of grants paid to the provinces under the Housing Disaster Relief Grant

NAME OF PROVINCE OR GRANT	GRANT ALLOCATION				TRANSFER		SPENT			2010/11
	Division of Revenue Act R'000	Roll-overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Percentage of available funds transferred %	Amount received by Department R'000	Amount spent by Department R'000	Percentage of available funds transferred %	Division of Revenue Act R'000
Eastern Cape	56 700	-	-	56 700	56 700	100	56 700	-	-	-
Free State	44 100	-	-	44 100	44 100	100	44 100	16 631	38	-
Gauteng	36	-	-	36	36	100	36	-	-	-
KwaZulu-Natal	31 140	-	-	31 140	31 140	100	31 140	3 503	11	133 800
Limpopo	21 474	-	-	21 474	21 474	100	21 474	-	-	-
Mpumalanga	360	-	-	360	360	100	360	360	100	-
Northern Cape	10 350	-	-	10 350	10 350	100	10 350	10 350	100	-
North West	15 840	-	-	15 840	15 840	100	15 840	2 368	15	-
Western Cape	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>180 000</b>	<b>-</b>	<b>-</b>	<b>180 000</b>	<b>180 000</b>		<b>180 000</b>	<b>33 212</b>		<b>133 800</b>

- 13(1)(a) The total amount of R180 000 000 was allocated to provinces.  
 (b) No amounts have been withheld as yet.  
 (c) No amounts were reallocated.  
 (d) All funds were transferred into the primary bank account of the provincial departments.

## Annexure 1A: Statement of conditional grants paid to municipalities

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2010/11
	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 %	Amount received by municipality R'000	Amount spent by municipality R'000	Percentage of available funds spent by municipality %	Division of Revenue Act R'000
Buffalo City	423 446	-	-	423 446	423 446	-	-	423 446	79 699	19	-
Nelson Mandela Bay	502 626	-	-	502 626	502 626	-	-	502 626	262 195	52	-
Mangaung	411 995	-	-	411 995	411 995	-	-	411 995	163 153	40	-
Ekurhuleni	1 094 276	-	-	1 094 276	1 094 276	-	-	1 094 276	504 305	46	-
City of Johannesburg	1 027 970	-	-	1 027 970	1 027 970	-	-	1 027 970	470 176	46	-
City of Tshwane	891 081	-	-	891 081	891 081	-	-	891 081	349 874	39	-
EThekweni	1 091 574	-	-	1 091 574	1 091 574	-	-	1 091 574	558 323	51	-
City of Cape Town	824 030	-	-	824 030	824 030	-	-	824 030	287 972	35	-
<b>TOTAL</b>	<b>6 266 998</b>	<b>-</b>	<b>-</b>	<b>6 266 998</b>	<b>6 266 998</b>	<b>-</b>	<b>-</b>	<b>6 266 998</b>	<b>2 675 697</b>		<b>-</b>

13(1)(a) The total amount of R6 266 998 was transferred to municipalities.

(b) No amounts have been withheld as yet.

(c) No amounts were reallocated.

(d) All funds were transferred to the primary bank account of the municipalities or, where appropriate, to the CPD account.

Annexure 1C: Statement of transfers to departmental agencies and accounts

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2010/11
	Adjusted appropriation R'000	Roll-overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Percentage of available funds transferred %	Appropriation Act R'000
Housing Development Agency	89 100	-	-	89 100	89 100	100	69 300
NURCHA	100 000	-	-	100 000	100 000	100	-
Social Housing Foundation	3 018	-	-	3 018	-	-	6 621
Thubelisha	-	-	-	-	-	-	-
National Housing Finance Cooperation	-	-	-	-	-	-	-
Social Housing Regulatory Authority	245 474	-	-	245 474	245 474	100	186 771
Rural Housing Loan Fund	49 500	-	-	49 500	49 500	100	49 500
Servcon	-	-	-	-	-	-	34 000
<b>TOTAL</b>	<b>487 092</b>	-	-	<b>487 092</b>	<b>484 074</b>		<b>346 192</b>

## Annexure 1F: Statement of transfers to foreign governments and international organisations

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2010/11
	Adjusted appropriation Act R'000	Roll-overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Percentage of available funds transferred %	Appropriation Act R'000
<b>Transfers</b>							
United Nations Human Settlements	1 000	-	-	1 000	462	46	357
Cities Alliance	-	-	-	-	-	-	388
<b>TOTAL</b>	<b>1 000</b>	<b>-</b>	<b>-</b>	<b>1 000</b>	<b>462</b>		<b>745</b>

Annexure 1H: Statement of transfers to households

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2010/11
	Adjusted appropriation Act R'000	Roll-overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Percentage of available funds transferred %	Appropriation Act R'000
<b>Transfers</b>							
Leave gratuity	-	-	-	-	59		1 252
Bursaries (non-employees)	4 671	-	3 360	8 031	7 961	99	9 636
<b>TOTAL</b>	<b>4 671</b>	<b>-</b>	<b>3 360</b>	<b>8 031</b>	<b>8 020</b>		<b>10 888</b>

Annexure 1K: 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)	2011/12 R'000	2010/11 R'000
<b>Paid in cash</b>		
Farewell gifts for retired officials	-	20
Funeral contributions for Mr SS Mosehla (scholarship beneficiary)	-	10
<b>TOTAL</b>	-	<b>30</b>



Annexure 3A: Statement of financial guarantees issued as at 31 March 2012 – local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance as at 1 April 2011 R'000	Guarantees draw-downs during the year R'000	Guarantees repayments/ cancelled/ reduced/ re-released during the year R'000	Revaluations R'000	Closing balance as at 31 March 2012 R'000	Guaranteed interest for year ended 31 March 2012 R'000	Realised losses not recoverable, i.e. claims paid out R'000
Standard Bank	Housing	69	69	-	17	-	52	-	-
Old Mutual	Housing	17	17	-	-	-	17	-	-
Mpumalanga Housing Finance Company		16	16	-	-	-	16	-	-
<b>TOTAL</b>		<b>102</b>	<b>102</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>85</b>	<b>-</b>	<b>-</b>

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## Annexure 3B: Statement of contingent liabilities as at 31 March 2012

Nature of liability	Opening balance as at 1 April 2011 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 as at 31 March 2012 R'000
<b>TOTAL</b>			-	-	-

The Department has been reporting on matters where they are cited as a respondent. The financial implication related to these claims lies with the provincial departments. The balance of R4 920 000 as at 31 March 2011 reported in the annual financial statements ending 31 March 2011 were in respect of these balances and have been restated in the current year as there are no financial implications for the Department.



#### Annexure 4: Claims recoverable

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Gauteng Community Safety	-	-	-	22	-	22
International Relations and Cooperation	-	-	-	500	-	500
STATS SA	-	-	1	1	-	-
Unemployment Insurance Fund	-	-	1	1	-	-
Defence and Military Veterans	-	-	-	1 328	-	-
Justice and Constitutional Development	21	-	-	-	-	-
Housing Gauteng	-	-	11	1	-	-
Health	-	-	-	5	-	-
Social Development	-	-	9	-	-	-
<b>Sub-total</b>	<b>21</b>	<b>-</b>	<b>22</b>	<b>1 858</b>	<b>-</b>	<b>522</b>
<b>Other government entities</b>						
South African Social Security	-	-	-	1	-	1
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>TOTAL</b>	<b>21</b>	<b>-</b>	<b>22</b>	<b>1 859</b>	<b>-</b>	<b>523</b>

## Annexure 5: Inter-government payables

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
<b>Current</b>						
Justice and Constitutional Development		714	-	-	-	714
Mpumalanga Provincial Government	-	14	-	-	-	14
Presidency	21	67	-	-	21	67
Water Affairs	-	318	76	-	76	318
Health and Social Development	-	32	-	-	-	32
South African Police Service	-	2	-	9	-	11
Limpopo Provincial Government	-	-	-	-	4	-
Finance Gauteng	28	-	-	-	28	-
<b>Total</b>	<b>53</b>	<b>1 147</b>	<b>76</b>	<b>9</b>	<b>129</b>	<b>1 156</b>
<b>Other government entities</b>						
<b>Current</b>						
Government Printing Works	15	66	-	2	15	68
PALAMA	8	57	-	-	8	57
Special Investigations Unit	-	4 435	-	-	-	4 435
<b>Total</b>	<b>23</b>	<b>4 558</b>	<b>-</b>	<b>2</b>	<b>23</b>	<b>4 560</b>

## Annexure 6: Inventory

Inventory	Note	Quantity	2011/12	Quantity	2010/11
			R'000		R'000
Opening balance		29 905	170	7 517	41
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases – Cash		40 833	205	53 160	294
Add: Additions – Non-cash		-	-	-	-
(Less): Disposals		-	-	(83)	-
(Less): Issues		(44 258)	(239)	(3 0689)	(169)
Add/(Less): Adjustments		-	-	-	(4)
Add/(Less): Weighted average price variance		-	(1)	-	8
<b>Closing balance</b>		<b>26 480</b>	<b>135</b>	<b>29 905</b>	<b>170</b>



## ANNUAL FINANCIAL STATEMENTS FOR THE SOUTH AFRICAN HOUSING FUND

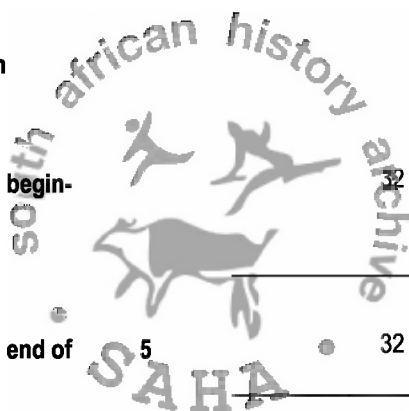
For the year ended  
31 March 2012

POSITION	Note	31 March 2012 R'000	31 March 2011 R'000
<b>ASSETS</b>			
Current assets		32 585	32 585
Trade and other receivables	2	-	-
Cash and Cash Equivalents	5	32 585	32 585
<b>TOTAL ASSETS</b>		<b>32 585</b>	<b>32 585</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves		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	3	627	627



SOUTH AFRICAN HOUSING FUND ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32 585</b>	<b>32 585</b>
<b>CASH FLOW</b>	Note	31 March 2012 R'000	31 March 2011 R'000
<b>CASH FLOW FROM FINANCE ACTIVITIES</b>			
(Increase)/Decrease in financial instruments		-	-
<b>Net cash inflow/outflow from investment 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>		32 585	32 585



## 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 formed the background against which sustainable housing delivery was achieved. As reported in 2003/2004, changes in the financial management legislative environment precipitated the need to review the fund flow mechanisms to provinces. In this regard, MINMEC approved that the dissolution process of the fund be commenced, and draft legislation is 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 107 of 1997) the Director-General: Human Settlements is the Accounting Officer of the South African Housing Fund.

No emoluments were paid to the accounting authority from the funds of the South African Housing Fund since the Accounting Officer is remunerated by the Department of Human Settlements (previously the Department of Housing).

## 3. Auditors

In terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) read with sections 4 and 20 of the Public Audit Act, 2004 (Act 25 of 2004) and section 11(8) of the Housing Act, 1997 (Act 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 annual financial statements of the South African Housing Fund, set out on pages 179 to 182, were approved by the Accounting Officer.



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

## 1. Basis of preparation

The financial statements were prepared on the basis of liquidation basis, as set out below. Since the entity no longer conducts its function in terms of the National Housing Act and is waiting 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 were initially measured at cost. Subsequent to initial recognition these instruments were measured as set out below.

#### Trade and other receivables

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

#### Cash and cash equivalents

Cash and cash equivalents were measured at cost.

#### Financial liabilities

Financial liabilities were recognised at cost.

### 1.2 Administration costs

All administration costs were borne by Department of Human Settlements.



SOUTH AFRICAN HOUSING FUND ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

NO	31 March 2012 R'000	31 March 2011 R'000
<b>2. TRADE AND OTHER RECEIVABLES</b>		
Debtors	421	421
Less: Provision for bad debt	(421)	(421)
	-	-
<b>3. TRADE AND OTHER PAYABLES</b>		
Post office account	627	627
	627	627

**4. Dissolution of the SA Housing Fund**

At the meeting of the MINMEC Committee on 15 August 2003, MINMEC approved the dissolution 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 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.

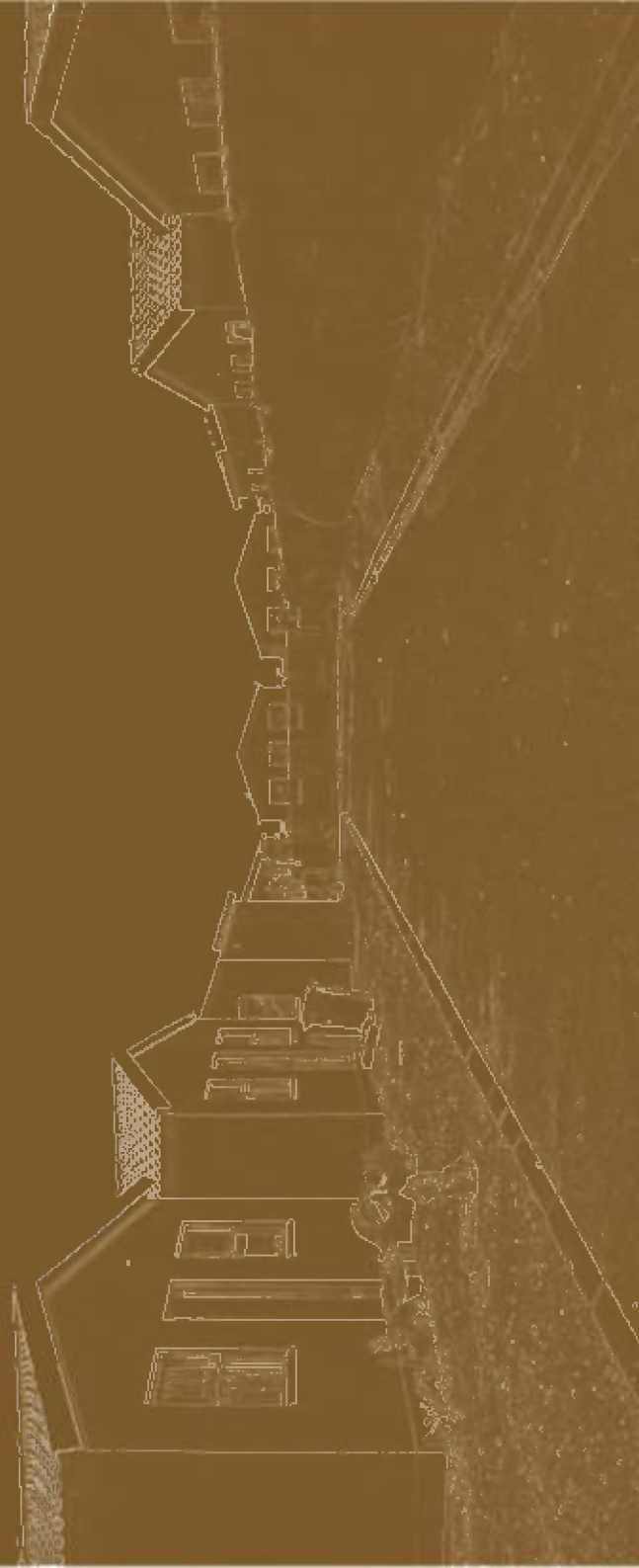
31 March 2012 R'000	31 March 2011 R'000
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**NOTES TO THE CASH FLOW STATEMENT**

<b>5. Cash and cash equivalents</b>		
Cash on hand	25 229	25 229
Cash with CPD	7 356	7 356
	32 585	32 585



# PART FOUR



# HUMAN RESOURCE MANAGEMENT

**Table 1.1: Main service for service delivery improvement and standards**

Actual customers	Potential customers	Standard of service	Actual achievement against standard
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 achievement
None	
None	
None	

**Table 1.4: Service information tools**

Type of information tool	Actual achievement
None	
None	
None	

**Table 1.5: Complaints mechanisms**

Mechanism	Actual achievement
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)	Number of employees
Administration	167 552	76 186	3 135	30 335	45,5	111	688
Housing Policy, Research and Monitoring	22 105 620	32 091	9	5 401	0,1	47	688
Housing Planning and Delivery Support	187 349	65 320	27	43 778	34,9	95	688
Housing Development Finance	32 955	22 320	-	48	67,7	32	688
Strategic Relations and Governance	105 445	46 831	12	18 263	44,4	68	688
<b>Total as on financial systems (BAS)</b>	<b>22 598 922</b>	<b>242 748</b>	<b>3 183</b>	<b>97 825</b>	<b>1,1</b>	<b>353</b>	<b>688</b>

Table 2.2: Personnel costs, by salary band

Salary band	Compensation of employees cost (R'000)	Percentage of total personnel cost for Department %	Average compensation cost per employee (R'000)	Total personnel cost for Department, including goods and transfers (R'000)	Number of employees
Lower skilled (levels 1–2)	2 625	1,1	97 111	246 645	27
Skilled (levels 3–5)	10 222	4,1	146 029	246 645	70
Highly skilled production (levels 6–8)	43 051	17,5	244 608	246 645	176
Highly skilled supervision (levels 9–12)	103 492	42,0	436 675	246 645	237
Senior management (levels 13–16)	59 231	24,0	897 439	246 645	66
Contract (levels 1–2)	1 321	0,5	34 763	246 645	38
Contract (levels 3–5)	686	0,3	68 600	246 645	10
Contract (levels 6–8)	5 194	2,1	140 378	246 645	37
Contract (levels 9–12)	7 800	3,2	487 500	246 645	16
Contract (levels 13–16)	8 815	3,6	801 364	246 645	11
<b>TOTAL</b>	<b>242 434</b>	<b>98,3</b>	<b>352 375</b>	<b>246 645</b>	<b>688</b>

Table 2.3: Salaries, overtime, home owners allowance and medical aid, by programme

Programme	Salaries (R'000)	Salaries as percentage of personnel cost	Overtime		HOA (R'000)	HOA as percentage of personnel cost	Medical aid (R'000)	Medical aid as percentage of personnel cost	Total personnel cost per programme (R'000)
			Overtime (R'000)	Overtime as percentage of personnel cost					
Administration	60 245	77	520	0,7	2 445	3,1	2 893	3,7	78 680
Housing Policy, Research and Monitoring	16 699	75	17	0,1	450	2,0	658	3,0	22 240
Housing Planning and Delivery Support	48 116	75	118	0,2	1 502	2,3	2 023	3,1	64 480
Housing Development Finance	22 780	72	1 103	3,5	876	2,8	1 408	4,5	31 471
Strategic Relations and Governance	38 709	78	50	0,1	954	1,9	1 538	3,1	49 775
<b>TOTAL</b>	<b>186 549</b>	<b>76</b>	<b>1 808</b>	<b>0,7</b>	<b>6 227</b>	<b>2,5</b>	<b>8 520</b>	<b>3,5</b>	<b>246 646</b>

Table 2.4: Salaries, overtime, home owners allowance and medical aid, by salary band

Salary band	Salaries (R'000)	Salaries as percentage of personnel cost	Overtime		HOA (R'000)	HOA as percentage of personnel cost	Medical aid (R'000)	Medical aid as percentage of personnel cost	Total personnel cost per salary band (R'000)
			Overtime (R'000)	Overtime as percentage of personnel cost					
Lower skilled (levels 1–2)	1 662	63	-	-	206	7,9	299	11,4	2 623
Skilled (levels 3–5)	6 575	64	420	4,1	594	5,8	907	8,8	10 314
Highly skilled production (levels 6–8)	29 725	69	844	1,9	1 538	3,5	3 290	7,6	43 408
Highly skilled supervision (levels 9–12)	78 807	75	402	0,4	1 769	1,7	3 248	3,1	105 737
Senior management (levels 13–16)	47 286	78	-	-	2 090	3,5	761	1,3	60 453
Contract (levels 1–2)	1 278	95	43	3,2	-	-	-	-	1 352
Contract (levels 3–5)	643	92	32	4,6	-	-	-	-	696
Contract (levels 6–8)	5 054	97	62	1,2	-	-	-	-	5 239
Contract (levels 9–12)	7 329	93	5	0,1	-	-	4	0,1	7 906
Contract (levels 13–16)	8 192	92	-	-	30	0,3	11	0,1	8 918
<b>TOTAL</b>	<b>186 551</b>	<b>76</b>	<b>1 808</b>	<b>0,7</b>	<b>6 227</b>	<b>2,5</b>	<b>8 520</b>	<b>3,5</b>	<b>246 646</b>

**Table 3.1: Employment and vacancies, by programme, at year-end**

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administration, permanent	275	243	11,6	37
Housing Policy, Research and Monitoring, permanent	71	46	35,2	5
Housing Planning and Delivery Support, permanent	225	161	28,4	23
Housing Development Finance, permanent	140	109	22,1	15
Strategic Relations and Governance, permanent	161	129	19,9	5
<b>TOTAL</b>	<b>872</b>	<b>688</b>	<b>21,1</b>	<b>85</b>

**Table 3.2: Employment and vacancies, by salary band, at year-end**

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	29	27	6,9	0
Skilled (levels 3–5), permanent	92	70	23,9	3
Highly skilled production (levels 6–8), permanent	235	176	25,1	11
Highly skilled supervision (levels 9–12), permanent	325	237	27,1	11
Senior management (levels 13–16), permanent	79	66	16,5	0
Contract (levels 1–2), permanent	38	38	0	38
Contract (levels 3–5), permanent	10	10	0	0
Contract (levels 6–8), permanent	37	37	0	15
Contract (levels 9–12), permanent	16	16	0	6
Contract (levels 13–16), permanent	11	11	0	1
<b>TOTAL</b>	<b>872</b>	<b>688</b>	<b>21,1</b>	<b>85</b>

**Table 3.3: Employment and vacancies, by critical occupation, at year-end**

Critical occupation	Number of Posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administrative related, permanent	160	108	32,5	2
Agriculture related, permanent	1	1	0	0
Civil engineering technicians, permanent	3	3	0	0
Cleaners in offices, workshops, hospitals, etc., permanent	27	27	0	0
Client information clerks (switchboard and reception clerks), permanent	11	8	27,3	4
Communication and information related, permanent	8	8	0	0
Community development workers, permanent	6	6	0	0
Custodian personnel, permanent	1	1	0	0
Economists, permanent	55	34	38,2	0
Engineering sciences related, permanent	3	3	0	0
Engineers and related professionals, permanent	17	13	23,5	0
Finance and economics related, permanent	42	36	14,3	2
Financial and related professionals, permanent	12	9	25	2
Financial clerks and credit controllers, permanent	57	44	22,8	6
Food services aids and waiters, permanent	6	6	0	0
General legal administration and related professionals, permanent	8	5	37,5	0
Geologists, geophysicists, hydrologists and related professionals, permanent	1	1	0	0
Head of department/ chief executive officer, permanent	1	1	0	0
Household, food, and laundry services related, permanent	6	5	16,7	4
Housekeepers, laundry and related workers, permanent	1	1	0	0
Human resources, organisational development and related professionals, permanent	24	24	0	7
Human resources clerks, permanent	61	57	6,6	44
Human resources related, permanent	7	6	14,3	0
Information technology related, permanent	1	0	100	0
Language practitioners, interpreters and other communications related, permanent	1	1	0	0
Legal related, permanent	2	2	0	0
Librarians and related professionals, permanent	1	1	0	0
Library, mail and related clerks, permanent	29	27	6,9	0
Light vehicle drivers, permanent	1	1	0	0
Logistical support personnel, permanent	52	39	25	8
Material-recording and transport clerks, permanent	18	14	22,2	0

Critical occupation	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Medical research and related professionals, permanent	1	1	0	0
Messengers, porters and deliverers, permanent	10	7	30	0
Natural sciences related, permanent	2	2	0	0
Other administrative and related clerks and organisers, permanent	41	34	17,1	0
Other administrative policy and related officers, permanent	3	3	0	0
Other information technology personnel, permanent	10	10	0	0
Other occupations, permanent	6	5	16,7	0
Risk management and security services, permanent	5	1	80	0
Secretaries and other keyboard operating clerks, permanent	69	57	17,4	4
Security guards, permanent	3	3	0	0
Security officers, permanent	20	18	10	1
Senior managers, permanent	70	46	34,3	1
Social sciences related, permanent	8	8	0	0
Trade/industry advisers and other related professionals, permanent		1	0	0
<b>TOTAL</b>	<b>872</b>	<b>688</b>	<b>21,1</b>	<b>85</b>

Table 4.1: Job evaluation

Salary band	Number of posts	Number of posts evaluated	Percentage of posts evaluated	Number of posts up-graded	Percentage of up-graded posts evaluated	Number of posts down-graded	Percentage of down-graded posts evaluated
Lower skilled (levels 1–2)	29	0	0	0	0	0	0
Contract (levels 1–2)	38	0	0	0	0	0	0
Contract (levels 3–5)	10	0	0	0	0	0	0
Contract (levels 6–8)	37	1	2,7	0	0	0	0
Contract (levels 9–12)	16	24	150	0	0	0	0
Contract (band A)	7	0	0	0	0	0	0
Contract (band B)	1	0	0	0	0	0	0
Contract (band C)	1	0	0	0	0	0	0
Contract (band D)	2	0	0	0	0	0	0
Skilled (levels 3–5)	92	0	0	0	0	0	0
Highly skilled production (levels 6–8)	235	0	0	0	0	0	0
Highly skilled supervision (levels 9–12)	325	0	0	0	0	0	0
Senior management service band A	50	21	42	0	0	0	0
Senior management service band B	20	22	110	0	0	0	0
Senior management service band C	4	6	150	0	0	0	0
Senior management service band D	1	0	0	0	0	0	0
<b>TOTAL</b>	<b>868</b>	<b>74</b>	<b>8,5</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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Employees with a disability	0	0	0	0	0

**Table 4.3: Employees whose salary level exceeded the grade determined by job evaluation (in terms of PSR 1.V.C.3)**

Occupation	Number of employees	Post evaluation level	Remuneration level	Reason for deviation	Number of employees in Department
0	0	n/a	n/a	n/a	
0	0	n/a	n/a	n/a	
<b>TOTAL</b>	<b>0</b>				
Percentage of total employment	0				0

**Table 4.4: Profile of employees whose salary level exceeded the grade determined by job evaluation (in terms of PSR 1.V.C.3)**

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Employees with a disability	0	0	0	0	0



**Table 5.1: Annual turnover rate, by salary band**

Salary band	Employment at beginning of period (1 April 2011)	Appointments	Terminations	Turnover rate
Lower skilled (levels 1–2), permanent	26	2	1	3,8
Skilled (levels 3–5), permanent	69	4	3	4,3
Highly skilled production (levels 6–8), permanent	186	1	6	3,2
Highly skilled supervision (levels 9–12), permanent	234	4	10	4,3
Senior Management service band A, permanent	46	0	2	4,3
Senior Management service band B, permanent	20	2	2	10
Senior Management service band C, permanent	4	0	1	25
Senior Management service band D, permanent	2	0	0	0
Contract (levels 1–2), permanent	42	39	13	31
Contract (levels 3–5), permanent	18	9	10	55,6
Contract (levels 6–8), permanent	22	1	4	18,2
Contract (levels 9–12), permanent	29	1	4	19
Contract (band A), permanent	6	1	1	16,7
Contract (band B), permanent	3	1	1	0
Contract (band D), permanent	2	0	1	50
<b>TOTAL</b>	<b>698</b>	<b>65</b>	<b>59</b>	<b>8,5</b>

**Table 5.2: Annual turnover rates, by critical occupation**

Occupation	Employment at beginning of period (1 April 2011)	Appointments	Terminations	Turnover rate
Administrative related, permanent	110	3	7	6,4
Agriculture related, permanent	1	0	0	0
Civil engineering technicians, permanent	3	0	0	0
Cleaners in offices, workshops, hospitals etc., permanent	25	3	2	8
Client information clerks (switch-board, reception clerks), permanent	6	0	0	0
Communication and information related, permanent	8	0	0	0
Community development workers, permanent	6	0	0	0
Custodian personnel, permanent	1	0	0	0
Economists, permanent	38	0	2	5,3

Occupation	Employment at beginning of period (1 April 2011)	Appointments	Terminations	Turnover rate
Engineering sciences related, permanent	3	0	0	0
Engineers and related professionals, permanent	13	0	0	0
Finance and economics related, permanent	33	1	3	9,1
Financial and related professionals, permanent	11	0	0	0
Financial clerks and credit controllers, permanent	55	0	4	7,3
Food services aids and waiters, permanent	6	0	0	0
General legal administration and related professionals, permanent	5	2	1	20
Geologists, geophysicists, hydrologists and related professionals, permanent	1	0	0	0
Head of department/chief executive officer, permanent	1	0	0	0
Household food and laundry services related, permanent	5	0	0	0
Housekeepers, laundry and related workers, permanent	1	0	0	0
Human resources and organisational development and related professionals, permanent	23	1	0	0
Human resources clerks, permanent	31	39	6	19,4
Human resources related, permanent	7	0	0	0
Language practitioners, interpreters and other communications, 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	26	9	9	34,6
Light vehicle drivers, permanent	1	0	0	0
Logistical support personnel, permanent	42	0	1	2,4
Material-recording and transport clerks, permanent	14	0	0	0
Medical research and related professionals, permanent	2	0	1	50
Messengers, porters and deliverers, permanent	7	1	0	0

Occupation	Employment at beginning of period (1 April 2011)	Appointments	Terminations	Turnover rate
Natural sciences related, permanent	2	0	0	0
Other administrative and related clerks and organisers, permanent	58	0	9	15,5
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 and security services, permanent	4	0	0	0
Secretaries and other keyboard operating clerks, permanent	55	1	3	5,5
Security guards, permanent	3	0	0	0
Security officers, permanent	18	1	1	5,6
Senior managers, permanent	47	4	8	17
Social sciences related, permanent	9	0	1	11,1
Trade/industry advisers and other related professionals, permanent	1	0	0	0
<b>TOTAL</b>	<b>698</b>	<b>65</b>	<b>59</b>	<b>8,5</b>

Table 5.3: Reasons why staff leave the Department

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total	Total employment
Death, permanent	4	6,8	0,6	59	698
Resignation, permanent	25	42,4	3,6	59	698
Expiry of contract, permanent	25	42,4	3,6	59	698
Dismissal – misconduct, permanent	2	3,4	0,3	59	698
Retirement, permanent	3	5,1	0,4	59	698
<b>TOTAL</b>	<b>59</b>	<b>100</b>	<b>8,5</b>	<b>59</b>	<b>698</b>

Resignations as percentage of employment	8,5
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Table 5.4: Promotions, by critical occupation

Occupation	Employment at beginning of period (1 April 2011)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Administrative related	110	4	3,6	62	56,4
Agriculture related	1	0	0	0	0
Civil engineering technicians	3	0	0	2	66,7
Cleaners in offices, workshops, hospitals, etc.	25	1	4	20	80
Client information clerks (switchboard, receptionclerks)	6	0	0	1	16,7
Communication and information related	8	0	0	6	75
Community development workers	6	0	0	2	33,3
Custodian personnel	1	0	0	1	100
Economists	38	1	2,6	31	81,6
Engineering sciences related	3	0	0	1	33,3
Engineers and related professionals	13	0	0	7	53,8
Finance and economics related	33	1	3	19	57,6
Financial and related professionals	11	0	0	4	36,4
Financial clerks and credit controllers	55	1	1,8	19	34,5
Food services, aids and waiters	6	0	0	5	83,3
General legal administration and related professionals	5	0	0	2	40
Geologists, geophysicists, hydrologists and related professionals	1	0	0	0	0
Head of department/chief executive officer	1	0	0	0	0

Occupation	Employment at beginning of period (1 April 2011)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Household, food and laundry services related	5	0	0	0	0
Housekeepers, laundry and related workers	1	0	0	1	100
Human resources and organisational development and related professionals	23	0	0	12	52,2
Human resources clerks	31	0	0	11	35,5
Human resources related	7	1	14,3	2	28,6
Language practitioners, interpreters and other communications	2	0	0	2	100
Legal related	2	0	0	3	150
Librarians and related professionals	1	0	0	1	100
Library, mail and related clerks	1	1	3,3	8	30,8
Light vehicle drivers	0	0	0	1	100
Logistical support personnel	42	1	2,4	1	2,4
Material-recording and transport clerks	14	1	7,1	5	35,7
Medical research and related professionals	2	1	50	0	0
Messengers, porters and deliverers	7	0	0	5	71,4
Natural sciences related	2	0	0	0	0
Other administrative and related clerks and organisers	58	2	3,4	21	36,2
Other administrative policy and related officers	3	1	33,3	2	66,7
Other information technology personnel	3	0	0	3	100

Occupation	Employment at beginning of period (1 April 2011)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progressions as a percentage of employment
Other occupations	5	0	0	0	0
Risk management and security services	4	1	25	1	25
Secretaries and other keyboard operating clerks	55	2	3.6	30	54,5
Security guards	3	0	0	2	66,7
Security officers	18	0	0	13	72,2
Senior managers	47	2	4.3	17	36,2
Social sciences related	9	0	0	6	66,7
Trade/industry advisers and other related professionals	1	0	0	1	100
<b>TOTAL</b>	<b>698</b>	<b>21</b>	<b>3</b>	<b>330</b>	<b>47,3</b>

Table 5.5: Promotions, by salary band

Salary band	Employment at beginning of period (1 April 2011)	Promotions to another salary level	Salary level promotions as a percentage of employment	Progressions to another notch within salary level	Notch progression as a percentage of employment
Lower skilled (levels 1–2), permanent	26	0	0	7	26,9
Skilled (levels 3–5), permanent	63	2	2,9	49	71
Highly skilled production (levels 6–8), permanent	186	6	3,2	90	48,4
Highly skilled supervision (levels 9–12), permanent	234	11	4,7	142	60,7
Senior management (levels 13–16), permanent	72	2	2,8	42	58,3
Contract (levels 1–2), permanent	42	0	0	0	0
Contract (levels 3–5), permanent	18	0	0	0	0
Contract (levels 6–8), permanent	22	0	0	0	0
Contract (levels 9–12), permanent	21	0	0	0	0
Contract (levels 13–16), permanent	8	0	0	0	0
<b>TOTAL</b>	<b>698</b>	<b>21</b>	<b>3</b>	<b>330</b>	<b>47,3</b>

**Table 6.1: Total number of employees (including employees with disabilities), per occupational category (SASCO)**

Occupational category	Male, African	Male, coloured	Male, Indian	Male, total black	Male, white	Female, African	Female, coloured	Female, Indian	Female, total black	Female, white	Total
Legislators, senior officials and managers, permanent	22	1	2	25	4	14	2	2	18	2	49
Professionals, permanent	70	1	2	73	5	76	3	2	81	11	170
Technicians and associated professionals, permanent	73	1	2	76	3	67	2	3	72	4	155
Clerks, permanent	66	2	0	68	2	145	9	6	160	12	242
Service and sales workers, permanent	15	0	0	15	0	12	0	1	13	0	28
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	27	1	0	28	1	43
<b>TOTAL</b>	<b>259</b>	<b>6</b>	<b>6</b>	<b>271</b>	<b>15</b>	<b>341</b>	<b>17</b>	<b>14</b>	<b>372</b>	<b>30</b>	<b>688</b>
Employees with a disability	1	0	0	1	0	0	0	1	1	0	2

**Table 6.2: Total number of employees (including employees with disabilities), per occupational band**

Occupational band	Male, African	Male, coloured	Male, Indian	Male, total black	Male, white	Female, African	Female, coloured	Female, Indian	Female, total black	Female, white	Total
Top management, permanent	2	0	1	3	0	2	0	1	3	0	6
Senior management, permanent	30	1	2	33	6	15	1	1	17	4	60
Professionally qualified and experienced specialists and middle management, permanent	99	2	3	104	5	105	5	6	116	12	237
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	47	2	0	49	2	102	5	5	112	13	176
Semi-skilled and discretionary decision making, permanent	27	0	0	27	1	40	1	1	42	0	70
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	0	0	0	0	1	0	3
Contract (senior management), permanent	3	0	0	3	1	4	0	0	4	0	8
Contract (professionally qualified), permanent	5	0	0	5	0	10	0	0	10	1	16
Contract (skilled technical), permanent	17	0	0	17	0	17	3	0	20	0	37
Contract (semi-skilled), permanent	4	0	0	4	0	6	0	0	6	0	10
Contract (unskilled), permanent	17	0	0	17	0	21	0	0	21	0	38
<b>TOTAL</b>	<b>259</b>	<b>6</b>	<b>6</b>	<b>271</b>	<b>15</b>	<b>341</b>	<b>17</b>	<b>14</b>	<b>372</b>	<b>30</b>	<b>688</b>



Table 6.3: Recruitment, per occupational band

Occupational band	Male, African	Male, coloured	Male, Indian	Male, total black	Male, white	Female, African	Female, coloured	Female, Indian	Female, total blacks	Female, white	Total
Senior management, permanent	2	0	0	2	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and middle management, permanent	1	0	0	1	0	2	1	0	3	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	1	0	0	1	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making, permanent	1	0	0	1	0	3	0	0	3	0	4
Unskilled and defined decision making, permanent	0	0	0	0	0	2	0	0	2	0	2
Contract (senior management), permanent	1	0	0	1	1	0	0	0	0	0	2
Contract (professionally qualified), permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (skilled technical), permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (semi-skilled), permanent	3	0	0	3	0	6	0	0	6	0	9
Contract (unskilled), permanent	17	0	0	17	0	22	0	0	22	0	39
<b>TOTAL</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>1</b>	<b>37</b>	<b>1</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>65</b>
	Male, African	Male, coloured	Male, Indian	Male, total black	Male, white	Female, African	Female, coloured	Female, Indian	Female, total black	Female, white	Total
No data	0	0	0	0	0	0	0	0	0	0	0

**Table 6.4: Promotions, per occupational band**

Occupational bands	Male, African	Male, coloured	Male, Indian	Male, total black	Male, white	Female, African	Female, coloured	Female, Indian	Female, total black	Female, white	Total
Top management, permanent	0	0	0	0	0	1	0	0	1	0	1
Senior management, permanent	22	0	2	24	5	8	0	1	9	5	43
Professionally qualified and experienced specialists and middle management, permanent	54	1	1	56	3	77	4	4	85	9	153
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	18	2	0	20	1	61	3	3	67	8	96
Semi-skilled and discretionary decision making, permanent	22	0	0	22	1	28	0	0	28	0	51
Unskilled and defined decision making, permanent	3	1	0	4	0	2	1	0	3	0	7
<b>TOTAL</b>	<b>119</b>	<b>4</b>	<b>3</b>	<b>126</b>	<b>10</b>	<b>177</b>	<b>8</b>	<b>8</b>	<b>193</b>	<b>22</b>	<b>351</b>

	Male, African	Male, coloured	Male, Indian	Male, total blacks	Male, white	Female, African	Female, coloured	Female, Indian	Female, total black	Female, white	Total
Employees with a disability	0	0	0	0	0	0	0	1	1	0	1

**Table 6.5: Terminations, per occupational band**

Occupational bands	Male, African	Male, coloured	Male, Indian	Male, total black	Male, white	Female, African	Female, coloured	Female, Indian	Female, total black	Female, white	Total
Top management, permanent	1	0	0	1	0	0	0	0	0	0	1
Senior management, permanent	0	0	0	0	1	3	0	0	3	0	4
Professionally qualified and experienced specialists and middle management, permanent	3	0	0	3	1	4	0	0	4	2	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	2	0	0	2	0	3	0	0	3	1	6
Semi-skilled and discretionary decision making, permanent	2	0	0	2	0	1	0	0	1	0	3
Unskilled and defined decision making, permanent	0	1	0	1	0	0	0	0	0	0	1

Table 6.5: Terminations, per occupational band (continue)

Occupational bands	Male, African	Male, coloured	Male, Indian	Male, total black	Male, white	Female, African	Female, coloured	Female, Indian	Female, total black	Female, white	Total
Contract (top management), permanent	0	0	0	0	1	0	0	0	0	0	1
Contract (senior management), permanent	1	0	0	1	0	1	0	0	1	0	2
Contract (professionally qualified), permanent	0	0	0	0	0	3	0	0	3	1	4
Contract (skilled technical), permanent	1	0	0	1	0	3	0	0	3	0	4
Contract (semi-skilled), permanent	3	0	0	3	0	7	0	0	7	0	10
Contract (unskilled), permanent	6	0	0	6	0	7	0	0	7	0	13
<b>TOTAL</b>	<b>19</b>	<b>1</b>	<b>0</b>	<b>20</b>	<b>3</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>4</b>	<b>59</b>

	Male, African	Male, coloured	Male, Indian	Male, total black	Male, white	Female, African	Female, coloured	Female, Indian	Female, total blacks	Female, white	Total
No data	0	0	0	0	0	0	0	0	0	0	0

Table 6.6: Disciplinary action

Disciplinary action	Male, African	Male, coloured	Male, Indian	Male, total black	Male, white	Female, African	Female, coloured	Female, Indian	Female, total black	Female, white	Total
No outcome	0	0	0	0	0	1	0	0	1	0	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>

Table 6.7: Skills development, per occupational category

Occupational category	Male, African	Male, coloured	Male, Indian	Male, total black	Male, white	Female, African	Female, coloured	Female, Indian	Female, Total black	Female, white	Total
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0	0	0
Technicians and associated professionals	0	0	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0	0	0
Service and sales workers	0	0	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0	0	0
<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>	<b>0</b>	<b>0</b>	<b>0</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

Table 7.1

Demographics	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African, female	120	341	35,2	1 839	15 326
African, male	76	258	29,5	1 460	19 211
Indian, female	4	13	30,8	55	13 814
Indian, male	0	6	0	0	0
Coloured, female	5	17	29,4	75	14 963
Coloured, male	1	6	16,7	9	8 564
Total black, female	129	371	34,8	1 969	15 265
Total black, male	77	270	28,5	1 469	19 073
White, female	22	30	73,3	492	22 351
White, male	8	15	53,3	278	34 724
Employees with a disability	2	2	100	57	28 296
<b>TOTAL</b>	<b>238</b>	<b>688</b>	<b>34,6</b>	<b>4 264</b>	<b>17 915</b>

**Table 7.2: Performance rewards, by salary band, for personnel below senior management**

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Lower skilled (levels 1–2)	18	27	66,7	104	5 778
Skilled (Levels 3–5)	34	70	48,6	255	7 500
Highly skilled production (levels 6–8)	72	176	40,9	844	11 722
Highly skilled supervision (levels 9–12)	90	237	38	1 957	21 744
Contract (levels 1–2)	0	38	0	0	0
Contract (levels 3–5)	0	10	0	0	0
Contract (levels 6–8)	0	37	0	0	0
Contract (levels 9–12)	0	16	0	0	0
<b>TOTAL</b>	<b>214</b>	<b>611</b>	<b>35</b>	<b>3 160</b>	<b>14 766</b>

**Table 7.3: Performance rewards, by critical occupation**

Critical occupation	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Administrative related	34	108	31,5	821	24 147
Agriculture related	0	1	0	0	0
Civil engineering technicians	0	3	0	0	0
Cleaners in offices, workshops, hospitals, etc.	19	27	70,4	114	6 000
Client information clerks (switchboard and reception clerks)	2	8	25	15	7 500
Communication and information related	4	8	50	86	21 500
Community development workers		6	0	0	0
Custodian personnel	1	1	100	21	21 000
Economists	18	34	52,9	441	24 500
Engineering sciences related	2	3	66,7	49	24 500
Engineers and related professionals	4	13	30,8	117	29 250
Finance and economics related	15	36	41,7	362	24 133
Financial and related professionals	5	9	55,6	79	15 800
Financial clerks and credit controllers	15	44	34,1	143	9 533
Food services aids and waiters	4	6	66,7	24	6 000
General legal administration and related professionals	2	5	40	42	21 000
Geologists, geophysicists, hydrologists and related professionals	0	1	0	0	0
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	9	9 000
Human resources and organisational development and related professionals	4	24	16,7	82	20 500
Human resources clerks	9	57	15,8	127	14 111
Human resources related	2	6	33,3	32	16 000

[table 7.3 continued]

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Language practitioners, interpreters and other communications	0	1	0	0	0
Legal related	2	2	100	102	51 000
Librarians and related professionals	1	1	100	10	10 000
Library, mail and related clerks	5	27	18,5	66	13 200
Light vehicle drivers	1	1	100	7	7 000
Logistical support personnel	1	39	2,6	9	9 000
Material-recording and transport clerks	5	14	35,7	56	11 200
Medical research and related professionals	0	1	0	0	0
Messengers, porters and deliverers	3	7	42,9	33	11 000
Natural sciences related	1	2	50	28	28 000
Other administrative and related clerks and organisers	16	34	47,1	224	14 000
Other administrative policy and related officers	1	3	33,3	10	10 000
Other information technology personnel.	4	10	40	80	20 000
Other occupations	1	5	20	41	41 000
Risk management and security services	1	1	100	19	19 000
Secretaries and other keyboard operating clerks	24	57	42,1	272	11 333
Security guards	2	3	66,7	18	9 000
Security officers	13	18	72,2	108	8 308
Senior managers	12	46	26,1	512	42 667
Social sciences related	4	8	50	104	26 000
Trade/industry advisers and other related professionals	0	1	0	0	0
<b>TOTAL</b>	<b>238</b>	<b>688</b>	<b>34,6</b>	<b>463</b>	<b>17 912</b>

Table 7.4: Performance-related rewards (cash bonus), by salary band, for senior management service (SMS)

SMS band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)	Percentage of SMS wage bill	Personnel cost SMS (R'000)
Band A	16	45	35,6	794	49 625	2,2	36 777
Band B	7	23	30,4	274	39 143	1,3	20 553
Band C	0	5	0	0	0	0	0
Band D	0	4	0	0	0	0	0
<b>TOTAL</b>	<b>23</b>	<b>77</b>	<b>29,9</b>	<b>1 068</b>	<b>46 434,80</b>	<b>1,9</b>	<b>57 330</b>

Table 8.1: Foreign workers, by salary band

Salary band	Employment at beginning of period (1 April 2011)	Percentage of total	Employment at end of period (31 March 2012)	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)	2	100	1	100	-1	100	2	1	-1
<b>TOTAL</b>	<b>2</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>-1</b>	<b>100</b>	<b>2</b>	<b>1</b>	<b>-1</b>

Table 8.2: Foreign workers, by major occupation

Major occupation	Employment at beginning of period (1 April 2011)	Percentage of total	Employment at end of period (31 March 2012)	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period (1 April 2011)	Total employment at end of period (31 March 2012)	Total Change in Employment
Professionals and managers	2	100	1	100	-1	100	2	1	-1
<b>TOTAL</b>	<b>2</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>-1</b>	<b>100</b>	<b>2</b>	<b>1</b>	<b>-1</b>

Table 9.1: Sick leave for January 2011 to December 2011, by salary band

Salary band	Total days	Percentage of days with medical certification	Number of employees using sick leave	Percentage of total employees using sick leave	Average number of days per employee	Estimated cost (R'000)
Lower skilled (levels 1–2)	223	96,9	21	4,1	11	53
Skilled (levels 3–5)	472	85,4	63	12,3	7	159
Highly skilled production (levels 6–8)	1 165	80	152	29,7	8	684
Highly skilled supervision (levels 9–12)	1 274	83,2	179	35	7	1 663
Senior management (levels 13–16)	259	73	51	10	5	748
Contract (levels 1–2)	7	71,4	5	1	1	1
Contract (levels 3–5)	20	75	7	1,4	3	5
Contract (levels 6–8)	108	68,5	25	4,9	4	48
Contract (levels 9–12)	22	81,8	7	1,4	3	29
Contract (levels 13–6)	32	100	2	0,4	16	87
<b>TOTAL</b>	<b>3 582</b>	<b>82,2</b>	<b>512</b>	<b>100</b>	<b>7</b>	<b>3 477</b>

**Table 9.2: Disability leave (temporary and permanent) for January 2011 to December 2011, by salary band**

Salary band	Total days	Percentage of days with medical certification	Number of employees using disability leave	Estimated cost (R'000)	Total number of days with medical certification
Lower skilled (Levels 1-2)	29	100	3	6	29
Skilled (Levels 3-5)	13	100	1	4	13
Highly skilled production (Levels 6-8)	41	100	2	23	41
Highly skilled supervision (Levels 9-12)	73	100	4	83	73
<b>TOTAL</b>	<b>156</b>	<b>100</b>	<b>10</b>	<b>116</b>	<b>156</b>

**Table 9.3: Annual leave for January 2011 to December 2011, by salary band**

Salary Band	Total number of days taken	Average number of days per employee	Number of employees who took leave
Lower skilled (levels 1–2)	513,92	21	25
Skilled (levels 3–5)	1 216,9	16	74
Highly skilled production (levels 6–8)	3445	18	188
Highly skilled supervision (levels 9–12)	4 687,92	19	253
Senior management (levels 13–16)	1 380	19	71
Contract (levels 1–2)	50	5	12
Contract (levels 3–5)	96	9	10
Contract (levels 6–8)	365	9	42
Contract (levels 9–12)	247	13	19
Contract (levels 13–16)	107	10	11
<b>TOTAL</b>	<b>12 120,44</b>	<b>17</b>	<b>705</b>

**Table 9.4: Capped leave for January 2011 to December 2011, per salary band**

Salary band	Total number of days of capped leave taken	Average number of days of capped leave taken per employee	Average number of days of capped leave per employee as at 31 December 2011	Number of Employees as at 31 December 2011
Highly skilled production (Levels 6-8)	12	6	50	29
Highly skilled supervision (Levels 9-12)	9	3	38	61
Senior management (Levels 13-16)	2	2	60	31
<b>TOTAL</b>	<b>23</b>	<b>4</b>	<b>46</b>	<b>121</b>



**Table 9.5: Leave payouts**

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Leave payout for 2011/12 due to non-utilisation of leave for the previous cycle	238	10	23800
Capped leave payouts on termination of service for 2011/12	365	21	17381
Current leave payout on termination of service for 2011/12	49	5	9800
<b>TOTAL</b>	<b>652</b>	<b>36</b>	<b>18111</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 & related diseases (if any)	Key steps taken to reduce the risk
xxx	xxx
xxx	xxx

**Table 10.2: Details of health promotion and HIV/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.			
2. Does the Department have a dedicated unit or have you designated specific staff members to promote the health and wellbeing of employees? If so, indicate the number of employees who are involved in this task and the annual budget available for this purpose.			
3. Has the Department introduced an employee assistance or health promotion programme for employees? If so, indicate the key elements/services of the programme.			
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) they represent.			
5. Has the Department reviewed its employment policies and practices to ensure that these do not discriminate unfairly against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.			
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.			
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results achieved.			
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.			

**Table 11.1: Collective agreements**

Subject matter	Date
xxx	xxx
xxx	xxx

**Table 11.2: Misconduct and disciplinary hearings finalised**

Outcome of disciplinary hearings	Number	Percentage of total	Total
No outcome	1	100	1
<b>TOTAL</b>	<b>1</b>	<b>100</b>	<b>1</b>

**Table 11.3: Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number	Percentage of total	Total
Disrespect/abusive or insolent behaviour	1	33,3	3
Failure to carry out an order or instruction	1	33,3	3
Prejudices administration or organisation or department	1	33,3	3
<b>TOTAL</b>	<b>3</b>	<b>100</b>	<b>3</b>

**Table 11.4 : Grievances lodged**

Number of grievances addressed	Number	Percentage of total	Total
Not resolved	1	100	1
<b>TOTAL</b>	<b>1</b>	<b>100</b>	<b>1</b>

**Table 11.5: Disputes lodged**

Number of disputes addressed	Number	Percentage of total
Upheld	0	0
Dismissed	0	0
<b>TOTAL</b>	<b>0</b>	

Table 11.6: Strike action

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

Table 11.7: Precautionary suspensions

Precautionary suspension	
Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0

Table 12.1: Training needs identified

Occupational category	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	20	0	3	0	3
	Male	29	0	6	0	6
Professionals	Female	92	0	11	0	11
	Male	73	0	11	0	11
Technicians and associated professionals	Female	76	0	0	0	0
	Male	79	0	0	0	0
Clerks	Female	172	0	25	0	25
	Male	70	0	7	0	7
Service and sales workers	Female	13	0	0	0	0
	Male	15	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Elementary occupations	Female	29	8	7	0	15
	Male	14	3	2	0	5
Gender sub-totals	Female	402	8	46	0	54
	Male	286	3	26	0	29
<b>TOTAL</b>		<b>688</b>	<b>11</b>	<b>72</b>	<b>0</b>	<b>83</b>

Table 12.2: Training provided

Occupational category	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	20	0	3	0	3
	Male	29	0	6	0	6
Professionals	Female	92	0	11	0	11
	Male	78	0	11	0	11
Technicians and associated professionals	Female	76	0	0	0	0
	Male	79	0	0	0	0
Clerks	Female	172	0	25	0	25
	Male	70	0	7	0	7
Service and sales workers	Female	13	0	0	0	0
	Male	15	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Elementary occupations	Female	25	8	7	0	15
	Male	14	3	2	0	5
Gender sub-totals	Female	402	8	46	0	54
	Male	286	3	26	0	29
<b>TOTAL</b>		<b>688</b>	<b>11</b>	<b>72</b>	<b>0</b>	<b>83</b>

Table 13.1: Injury on duty

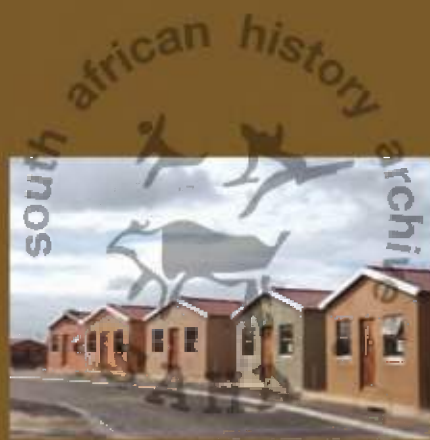
Nature of injury on duty	Number	Percentage of total
Required basic medical attention only	3	100
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
<b>TOTAL</b>	<b>3</b>	

Table 14.1 – Utilisation of consultants using appropriated funds

Project title	Total number of companies that worked on the project	Duration (months)	Contract value (R)
Assistance on debtors systems	1	12	R1 500 000,00
Facilitation, integration and implementation of the wash programme of the 2010/11 and 2011/12 project	1	24	R2 000 000,00
Review of the White Paper on Basic Household Sanitation	1	24	R1 000 000,00
Empowerment and information dissemination on sanitation policies, guidelines, strategy and tools	1	24	R2 000 000,04
Facilitation of sanitation job creation and youth development programme in municipalities	1	36	R3 300 000,00
Job creation forecasting in the delivery of human settlements	1	12	R296 400,00
Nationwide sanitation sustainability audit on sanitation facilities provided by the sector to municipalities	1	12	R2 900 000,00
Content editing for the human settlements review publication: research publication quality on related human settlements	1	12	R410 400,00
Consulting services: capacity and compliance checking by independent auditors in respect of municipal accreditation programme	1	12	R517 163,50
Provision and management of training on sustainable developments	1	36	R11 024 664,00
BNG report edited and saved into read/write format for future usage	1	12	R270 807,75
Development and Implementation of case management system for rental housing tribunals	1	12	R4 225 000,00
Facilitation of Turnaround Strategy	1	24	R13 455 752,00
Progress report on Danida-funded Energy Efficiency Pilot Project for Low-income Housing in N2 Gateway, and proposals on the way forward	1	12	R995 302,00
Assistance with establishment of project management of Key Community Schemes Ombud Service (CSOS) establishment activities	1	12	R495 900,00
Development of education and training manual on title deeds for homeowners	1	12	R482 815,00
Implementation guidelines for the enhanced PHP policy framework	1	12	R197 831,20
Research aimed at relooking at the housing programme to finding a responsive and sustainable solution to the need for adequate shelter	1	12	R499 183,00
Employee wellness programme	1	7	R132 231,52
Revamping the DHS internal newsletter and office branding	1	12	R300 230,40
Turnaround Strategic Plan for Job Evaluations and Job Descriptions	1	12	R110 700,00
Drafting Regulations under the Sectional Titles Schemes Management Act and the Community Schemes Ombud Services Act	1	12	R497 000,00
Editing BNG report Understanding the dynamics of informal settlements	1	12	R358 205,25
Project management for the implementation of the Rural Household Infrastructure Programme	1	24	R41 654 553,48
Guiding and supporting the identified forty [41] municipalities in the implementation of the free basic sanitation strategy	1	12	R2 488 000,02
Calculating jobs created in the delivery of human settlements	1	12	R450 000,00



# PART FIVE



# OTHER INFORMATION

## 5.1 ACRONYMS

AMCHUD	African Ministerial Conference on Housing and Urban Development
BCMM	Buffalo City Metropolitan Municipality
BNG	Breaking New Ground
CoGTA	Cooperative Governance and Traditional Affairs
CSIR	Council for Scientific Industrial Research
DHS	Department of Human Settlements
DM	District municipality
DMR	Department of Mineral Resources
DoRA	Division of Revenue Act
DPME	Department of Performance Monitoring and Evaluation
DRDLR	Department of Rural Development and Land Reform
DWA	Department of Water Affairs
EMT	Executive Management Team
FBS	Free Basic Sanitation
FOSAD	Forum of South African Directors-General
GDP	Gross domestic product
GIS	Geographical Information System
H&H	Health and hygiene
HDA	Housing Development Agency
HIV/Aids	Human immuno deficiency virus/Acquired immune deficiency syndrome
HLAMDA	Home Loan and Mortgage Disclosure Act
HoD	Head of department
HSS	Housing Subsidy System
HSDG	Human Settlement Development Grant
IBSA	India Brazil South Africa Dialogue Forum
IDPs	Integrated Development Plans
IGR	Intergovernmental Relations
JWP	Joint Work Programme
JOSHCO	Johannesburg Social Housing Company
MEC	Member of the Executive Council
MEIA	Monitoring, Evaluation and Impact Assessment
MIG	Municipal Infrastructure Grant
MINMEC	Minister/member of Executive Council
MINTOP	Minister/top Management
MISA	Municipal Infrastructure Support Agency
MOA	Memorandum of Agreement



MOU	Memorandum of Understanding
MTEF	Medium-term Expenditure Framework
NAFCOC	National African Chamber of Commerce Construction
NDHS	National Department of Human Settlements
NHBRC	National Home Builders Registration Council
NHFC	National Housing Finance Corporation Ltd
NSDF	National Slum Dwellers Federation
NSPU	National Sanitation Programme Unit
NURCHA	National Urban Reconstruction and Housing Agency
NUSP	National Upgrading Support Programme
PFMA	Public Finance Management Act
PHP	Peoples' Housing Process
PHDA	Priority Housing Development Areas
PHSDs	Provincial Human Settlements Departments
PMU	Project Management Unit
POA	Programme of Action
RHIP	Rural Household Infrastructure Programme
RHLF	Rural Housing Loan Fund
SALGA	South African Local Government Association
SDI	Slum Dwellers International
SHRA	Social Housing Regulatory Authority
SHS&BSTT	Sustainable Human Settlements and Basic Services Team
SIP	Strategic Infrastructure Programme
SITA	State Information and Technology Agency
SLA	Service Level Agreement
SMME	Small, Medium and Macro Enterprises
SOHCO	Social Housing Company
TB	Tuberculosis
TUHF	Trust for Urban Housing Finance
USDG	Urban Settlement Development Grant
WASH	Water, Sanitation and Hygiene
WSA	Water Services Authority
WSDP	Water Services Development Plan

## 5.2 Contact details

**National Department of Human Settlements**  
**Private Bag X644, Pretoria, 0001**  
**240 Justice Mahomed Street, Sunnyside, Pretoria**

### **Minister**

The Hon Minister of Human Settlements  
T M G Sexwale (MP)

Pretoria Office  
P/B X644, Pretoria, 0001  
240 Justice Mahomed Street, Sunnyside, Pretoria  
Tel: 012 421 1309 Fax: 012 341 8513

Cape Town Office  
P/B X9029, Cape Town, 8000  
2nd Floor, Room 217, 120 Plein Street, Cape Town  
Tel: 021 466-7600 Fax: 021 465-3610

### **Deputy Minister**

The Hon Deputy Minister of Human Settlements  
Z Kota-Fredericks (MP)

Pretoria Office  
P/B X644, Pretoria, 0001  
240 Justice Mahomed Street, Sunnyside, Pretoria  
Tel: 012 421 1311, Fax: 012 341-8513

Cape Town Office  
P/B X9029, Cape Town, 8000  
2nd Floor, Room 217, 120 Plein Street, Cape Town  
Tel: 021 466 7600, Fax: 021 465 3610

### **Accounting Officer**

Mr T Zulu

Pretoria Office  
P/B X644, Pretoria, 0001  
240 Justice Mahomed Street, Sunnyside, Pretoria  
Tel: 012 421 1312 Fax: 012 341 2998

Cape Town Office  
P/B Bag X9057, Cape Town, 8000  
2nd Floor, Room 217, 120 Plein Street, Cape Town  
Tel: 021 465-7295/6/7 Fax: 021 465 3610



### **Deputy Directors-General**

Ms N Letsholonyane  
National Department of Human Settlements  
P/B X644, Pretoria, 0001  
240 Justice Mahomed Street, Sunnyside, Pretoria  
Tel: 012 421 1607

Mr M Maphisa  
National Department of Human Settlements  
P/B X644, Pretoria, 0001  
240 Justice Mahomed Street, Sunnyside, Pretoria  
Tel: 012 444 5072

Mr J Wallis (Acting)  
National Department of Human Settlements  
P/B X644, Pretoria, 0001  
240 Justice Mahomed Street, Sunnyside, Pretoria  
Tel: 012 444 5247

Mr N Chaine  
National Department of Human Settlements  
P/B X644, Pretoria, 0001  
240 Justice Mahomed Street, Sunnyside, Pretoria  
Tel: 012 421 1603

Ms F Matlatsi  
Chief Financial Officer

National Department of Human Settlements  
P/B X644, Pretoria, 0001  
240 Justice Mahomed Street, Sunnyside, Pretoria  
Tel: 012 421 1568



### **Head Official Responsible for Departmental Strategic and Annual Performance Plans**

Mr M D Moerane  
National Department of Human Settlements  
P/B X644, Pretoria, 0001  
240 Justice Mahomed Street, Sunnyside, Pretoria  
Tel: 012 421 1363/1510 Fax: 012 421 1616





Department of Human Settlements

[www.dhs.gov.za](http://www.dhs.gov.za)

Toll free call centre: 0800 146873/0800 1 House

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