

human settlements

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL

ANNUAL REPORT 2015 / 2016

HOUSES, SECURITY AND COMFORT FOR ALL

**DEPARTMENT OF HUMAN
SETTLEMENTS
PROVINCE OF KWAZULU-
NATAL
VOTE NO. 8
ANNUAL REPORT
2015/2016 FINANCIAL YEAR**

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PART A:
GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

ACTT	Anti-Corruption Task Team
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AO	Accounting Officer
APP	Annual Performance Plan
AR	Annual Report
ASGISA	Accelerated and Shared Growth Initiatives for South Africa
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
BNG	Breaking New Ground
CBD	Central Business District
CETA	Construction Education and Training Authority
CFO	Chief Financial Officer
CG	Conditional Grant
CIDB	Construction Industry Development Board
CIP	Comprehensive Infrastructure Plan
COGTA	Cooperative Governance and Traditional Affairs
CoP	Community of Practice
CRU	Community Residential Unit
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DHS	Department of Human Settlements
DLA	Department of Land Affairs
DMV	Department of Military Veterans
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration

DTT	Departmental Task Team
EAAB	Estate Agency Affairs Board
EEDBS	Enhanced Extended Discount Benefit Scheme
EPRE	Estimates of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme
FET	Further Education and Training
FLISP	Finance Linked Individual Subsidy Programme
GIS	Geographical Information System
GRAP	Generally Recognized Accounting Practices
GWEA	Government Wide Enterprise Architecture
HDA	Housing Development Agency
HEAC	Housing Evaluation and Adjudication Committee
NHNR	National Housing Needs Register
HDP	Housing Development Plans
HH	Households
HOD	Head of Department
HSDG	Human Settlement Development Grant
HSP	Housing Sector Plan
IDP	Integrated Development Plan
IGRFA	Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
ISDS	Integrated Sustainable Development Strategy
ISUP	Informal Settlement Upgrade Programme
ITB	Ingonyama Trust Board
IRD	Integrated Residential Development Programme
IRDS	Integrated Rural Development Strategy
KZN	KwaZulu-Natal
KZNDHS	KZN Department of Human Settlements
KZNPA	KwaZulu-Natal Provincial Administration
MBASA	Master Builders Association of South Africa

MEC	Member of Executive Council
MDG	Millennium Development Goals
MI	Mortgage Insurance
MIG	Municipal Infrastructure Grant
MHDP	Municipal Housing Development Plan
MHSP	Municipal Housing Spatial Plan
MOU	Memorandum of Understanding
MSP	Master Spatial Plan
MTEF	Medium Term Expenditure Framework
MTOP	Medium Term Operational Plan
MTSF	Medium Term Strategic Framework
MYHD	Multi Year Housing Development Plan
NDHS	National Department of Human Settlements
NHBRC	National Home Builders Registration Council
NHFC	National Housing Finance Corporation
NHNR	National Housing Needs Register
NDP	National Development Plan
NSDA	Negotiated Service Delivery Agreement
NSDP	National Spatial Development Plan
NURCHA	National Urban Reconstruction & Housing Association
NUSP	National Upgrading Support Programme
OSD	Occupational Specific Dispensation
OSS	Operation Sukuma Sakhe
OTP	Office of the Premier
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PGDS	Provincial Growth and Development Strategy
PHDP	Provincial Housing Development Plan
PHP	Peoples Housing Process

PIAS	Provincial Internal Audit Service
PPC	Provincial Planning Commission
PSEDS	Provincial Spatial Economic Development Strategy
PSETA	Provincial Sector of Education and Training Agency
RDP	Reconstruction and Development Programme
RHLF	Rural Housing Loan Fund
SABS	South African Bureau of Standards
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SHA	Social Housing Association
SHF	Social Housing Foundation
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
SHSS	Sustainable Human Settlement Strategy
SIP	Strategic Infrastructure Project
SITA	State Information Technology Agency
SMME	Small Medium and Micro Enterprises
SOE	State Owned Enterprises
SLA	Service Level Agreement
TEC	Technical Evaluation Committee
TR	Treasury Regulations

3. FOREWORD BY THE MEC



**The Honourable Mr R.R. Pillay, MPL
Member of the Executive Council for
Department of Human Settlements and Public Works
KwaZulu-Natal**

Radical socio-economic transformation remains the dominant strategic objective that derives from the electoral mandate secured by the governing party. In KwaZulu-Natal this has translated into moving swiftly and efficiently in the direction of creating quality and sustainable human settlements for all but more especially where the societal impact is demonstrable and measurable.

In the year under review, the Department's pace-setting performance was again acknowledged by a slew of awards and accolades notably that of the Govan Mbeki Award for the "Best Performing Province". This award was secured in both 2014 and 2015.

The Department consistently strives to ensure that, "houses, security and comfort" (which derives from the Freedom Charter) is not a mere catch-phrase. This has been extended to a "live, work, play and pray" concept to describe the totality of the human settlement experience we seek to create.

The performance data in this report demonstrates that the Department has either achieved or exceeded its targets in the majority of cases. Human Settlements interventions are key to advancing the National Development Plan Vision 2030 as well as the Provincial Growth and Development Plan.

Given the size of its population, KwaZulu-Natal's outputs are hugely significant in advancing our country's development indicators. The dedication and the diligence of the management, staff, municipalities, contractors and stakeholders in achieving these successes is duly acknowledged.

Like all government departments, Human Settlements has had to discharge its responsibilities within the tight parameters defined by Treasury's cost containment regime, which is itself informed by the global financial crisis.

Delivery statistics for the period under review once again show that the Department has creatively and innovatively used its budget prudently and with careful adherence to the structures of the PFMA. The frequent refrain is that the Department can deliver more houses if it is allocated a higher budget. The additional R308 million received from unspent funds in other provinces was a welcome boost in the latter quarter of the financial year.

A total of 26,552 houses were built and a further 3,004 units were rectified or refurbished during the period under review. There is great pride in trumpeting that our policies and programmes have impacted positively on the lives of 42, 992 families.

Home ownership and security of tenure was actively promoted through the issue of 2,166 title deeds. The Department remains however mindful of the massive title deed backlog both in the province and nationally.

A keener understanding of the Human Settlements terrain was obtained through various dialogues, workshops and forums with stakeholders as well as visits and inspections to projects. The Ministry's active community outreach programme maintains direct contact between the political principal and citizens on the ground.

Other than the "Best Performing Province Award" at the National Govan Mbeki Awards, the Department received further recognition from the South African Institute of Government Auditors (SAIGA). The Department was rated the "Best Department in the Province" for effective and accountable annual reporting. The successful implementation of learnership programmes also resulted in being honoured with a Premier's Recognition Award for "Progress made towards the Artisan Development Programme". Additionally, the Head of Department, received a significant commendation with a bronze in the "Best Provincial Head of Department" category in the Premier's Service Excellence Awards.

The Department's successes must be tempered against an ongoing and robust fight against the scourge of fraud and corruption as well as our resolve to resist land invasions using all lawful means available. The release of serviced sites, implementation of the National Housing Needs Register (NHNR), homes for Military Veterans, focus on catalytic projects, continued implementation of the Expanded Public Works Programme (EPWP) and addressing the needs of the gap market will also feature as priorities for the 2016/17 financial year.



Honourable Mr. R.R. Pillay, MPL
MEC for KZN Human Settlements and Public Works
Date: 27 July 2016

4. REPORT OF THE ACCOUNTING OFFICER



Ms Greta Apelgren-Narkedien

Accounting Officer

KZN Human Settlements

○ **General Overview of the operations of the Department**

The core mandate of the Department to provide sustainable human settlements is gaining momentum in spite of challenges encountered as we steam ahead in ensuring:

Positive financial viability for the Department, increase urban housing opportunities through Outcome 8; ensure spatial, social and economic integration and acceleration of the creation of rental housing opportunities.

The Department is committed to the vision of the National Development Plan and Chapter 8 of the Vision 2030. Vision 2030 prescribes that *“Following South Africa’s celebration of 20 years of freedom and democracy, it is time to begin looking towards our future”*. Chapter 8 of the plan which is about transforming human settlements and the national space economy proposes a strategy to “create the conditions for more humane and environmentally sustainable living and working environments”; achieving a “decent standard of living”. The elements of a decent standard of living outlined in the report with emphasis on a holistic approach, include inter alia employment, transport to get to work, housing and basic services (water, sanitation and electricity).

During the 2015/16 financial year, the Department was under severe pressure in terms of spending on housing delivery due to the fast pace of production as well as an increased subsidy quantum. Despite all the challenges, the National Department recognized outstanding performance of the KwaZulu-Natal Department of Human Settlements and granted additional funding of R308 million in

January 2016 which resulted in the increased target of 27,115 houses to be built. That led to building an additional 717 units in the 2015/16 financial year.

In pursuit of meeting its key objectives, the department has in two out of three years exceeded its set targets:

- In 2013/14 financial year our target was 28 055, **but 29, 151** houses were built
- In 2014/15 financial year our target was 31 542, **but 29, 312** houses were built
- In 2015/16 financial year our target was 23, 233 **but 26,552** houses were built.

Detailed synopsis of the achievements of the service delivery information relating to housing delivered since 2010/11 is reflected hereunder:

Service Delivery Indicator	Annual Actual Delivery					
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Houses Completed	21,189	22,112	25,940	29,151	29,312	26,552
Sites Serviced	4,028	5,426	6,063	2,790	4,013	6,879
Transfers Completed	2,634	5,251	2,690	2,336	3,832	2,166
Beneficiary Approvals	21,447	38,554	57,188	41,791	52,089	37,248

A significant increase in housing delivery has been experienced since the 2013/14 financial year. The same trend has not continued in the current financial due to fiscal constraints. However, the department exceeded its targets for units approved and beneficiaries approved. Additionally, the sites serviced have shown significant improvement from previous years.

○ Overview of the financial results of the department

During the year there was severe pressure in terms of spending on housing delivery due to the fast pace of production as well as an increased subsidy quantum. The Department applied for additional funding and was granted R308 million from the National Department of Human Settlements. The Department further received R100m from the Office of the Premier and recalled unused funds of R130m from Ithala and NHFC. These funds were fully spent on service delivery and assisted to ease the spending pressures.

Departmental receipts

The table below shows the revenue budget for the Department of Human Settlements for 2015/16, and the actual revenue collected for the year.

Departmental receipts	2014/2015			2015/2016		
	Estimate	Actual Amount Collected	(Over)/ Under Expenditure	Estimate	Actual Amount Collected	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	477	813	(336)	534	700	(166)
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	20	573	(553)	18	2,174	(2,156)
Sale of capital assets	480	49	431	500	-	500
Financial transactions in assets and liabilities	853	27,485	(26,632)	1,000	165,201	(164,201)
Total	1,830	28,920	(27,090)	2,052	168,075	(166,023)

- *Sale of goods and services other than capital assets* was collected at R700, 000, exceeding a budget of R534, 000. This category relates to revenue received for rental of government buildings, parking, commission of PERSAL deductions and sale of tender documents. This over-collection is mainly due to sale of tender documents being higher than projected.
- Revenue collected against *Interest, dividends and rent on land* reflects the revenue collection of R2, 174 million which is substantially higher than the budget of R18,000. The high collection is due to an amount of R2, 124 million which was received in respect of land acquisition for Umhlathuze Municipality. After the property transfer to the municipality was done, the accrued interest was paid back to the department. The over-collection was also as a result of interest charged on outstanding staff debts.
- The substantial over-collection against "*Financial Transaction in assets and liabilities*" of R164,201 million is mainly due to the following:
 - An amount of R130, 973 million, was returned to the Department from Ithala and National Housing Finance Cooperation (NHFC) in respect of unused funds transferred in the previous financial years for housing projects.
 - An amount of R25 million was recovered by the Special Investigation Unit (SIU) from finalised fraud cases.
 - The remaining revenue balance was recovered from staff debts.
- *Sale of capital assets*, reflect the under collection of R500, 000, this classification is relating to the auctioning of motor vehicles. This is due to delays experienced in the finalization of the auction which only took place in March 2016 however payment will be received in April 2016.

• **Programme Expenditure**

Programme Name	2014/2015			2015/2016		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure Error! Bookmark not defined.	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure Error! Bookmark not defined.
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	184,394	182,847	1,547	195,128	198,260	(3,132)
Housing Needs, Research and Planning	14,955	14,223	732	17,209	16,411	798
Housing Development	3,510,564	3,532,420	(21,856)	3,679,773	3,674,667	5,106
Housing Assets Management, Property Management	148,530	143,688	4,842	239,237	241,687	(2,450)
Total	3,858,443	3,873,178	(14,735)	4,131,347	4,131,025	322

- Over expenditure of R3, 132 million in Administration emanates mainly from *Goods and services* as a result of the increased cost of Microsoft licences amount of R3, 612 million due to the poor exchange rate. This pressure was mitigated to a large extent by under-spending against *Compensation of employees* resulting from the non-filling of vacant budgeted posts
- Under expenditure of R798, 000 in Housing Needs, Research and Planning is mainly attributed to the non-filling of the post of Deputy Manager in the office of the General Manager, as well as delays in the implementation of capacity building programmes catered for under *Goods and services*. In addition, *Catering: departmental activities* was under-spent due to delays in the implementation of capacity building programmes.
- Under expenditure in Housing Development which caters for a significant portion of the HSDG, reflects net under-expenditure of R5, 106 million, largely due to the following:
 - *Compensation of employees* was under-spent by R3, 051 million due to the delay in the filling of vacant budgeted posts and also provision made for the filling of contract personnel which are paid through the operational capital budget of the HSDG related to the enhancement of service delivery, as well as vacant posts.
 - *Transfers and subsidies to: Households* was under-spent by R13, 029 million in respect of Finance Linked Individual Subsidy Programme (FLISP), as the beneficiaries of this programme were unable to afford bond repayments due to, among other reasons, the economic situation.
 - *Buildings and other fixed structures* relates to the Social and Economic Amenities programme which under-spent by R6, 330 million due to the termination of contracts for uMkhanyakude, Amajuba and uMgungundlovu as a result of poor performance.
 - *Machinery and equipment* under-spent marginally by R251, 000, as a result of the provision that was made for the replacement of office machinery and equipment, as well furniture in respect of vacant posts which were not filled.
 - Mitigating the above was over-spending of R14,318 million against *Transfers and subsidies to: Provinces and municipalities*, largely resulting from the operational costs of the accredited municipalities namely eThekweni Metro, Musunduzi Municipality, Umhlatuze Municipality, Hibiscus Coast Municipality, KwaDukuza Municipality, Newcastle

Municipality and Ladysmith Municipality due to accelerated performance by the municipalities, as well as the development of new units in hostels, resulting in an increase of production on site which led to over-delivery on the projected targets. In addition, *Goods and services* was over-spent by R3, 309 million due to security services procured for the anti-land invasion of housing sites within the Durban and surroundings areas.

- Housing Asset Management, Property Management comprises the KZN Housing Fund which is allocated against *Transfers and subsidies to: Departmental agencies and accounts*. This programme was over-spent by R2, 450 million. The over-expenditure is mainly attributed to payments in respect of municipal services, as well as rates and taxes which were inadequately budgeted for. This over expenditure is being mitigated by the under spending experienced in Programme 3 in the HSDG.

- **Virements/roll overs**

No virements/roll overs were requested for the Department.

- **Unauthorised, fruitless and wasteful expenditure**

During the year under review, the Department incurred unauthorised expenditure in the following Programmes:

- R3,132 million under Programme 1 mainly from *Goods and services* as a result of the increased cost of Microsoft licences amount of R3,612 million due to the poor exchange rate which was unavoidable.
- R2,450 million under Programme 4 mainly attributed to payments in respect of municipal services, as well as rates and taxes which were inadequately budgeted for which is under Transfers and Subsidies.

During the year under review, the Department incurred irregular expenditure in the following Programmes:

- R4.5 million under Programme 1 from *Goods and services* as a result of emergency spending to prevent land invasions in the Ethekewini region. Due to the volatility in the area and heightened protests around issues of service delivery, the security company responded to land invasions that did not belong to the Department and exceeded its contract value. The Department does have an effective system of internal controls and it did not incur any further deviation. A tender process is underway to procure service providers to assist with its anti-land invasion strategy. This was an exceptional item due the increased occurrence of land invasions in the past year. The Department is now working with the municipalities and COGTA on a joint programme and is seeking additional funding from National Human Settlements to assist on this matter.

○ **Future plans of the department**

The strategic thrust of the department is to ensure that housing development is undertaken in an integrated and sustainable manner. The promotion and implementation of sound planning principles is therefore pivotal for the creation of sustainable human settlements with strengthened capacity and the effective development of policies that support and facilitate housing delivery. Strategic mandates that govern this programme include amongst others; the PSEDS, PGDP, the comprehensive plan “Breaking New Ground” for housing delivery and Outcome 8.

As part of innovative planning, this Programme has conceptualised the “mega catalytic” human settlement development initiatives. It is also investigating other investment options such as the private-public partnerships as well as investments from other departments for projects within communities so as to increase the financial sustainability of human settlement development projects.

The Department has identified 9 “Mega catalytic” projects that are strategically aligned to maximize this investment potential of the Province. This is in line with the National Human Settlements concept of a target of 50 Priority Projects across South Africa that are to deliver “mega catalytic” integrated and sustainable human settlements. These projects are to deliver BNG houses (30%); Gap houses (20%), rental accommodation (20%), social housing (10%) and serviced sites (20%). These projects will also have economic and social amenities.

Municipality	Mega Catalytic Project	Estimated Yield
ILembe	Hyde Park	4,600
eThekwini	Cornubia South	28,000
eThekwini	Cornubia North	30,000
eThekwini	Amaoti Greater	20,000
eThekwini	Inner City Regeneration	10,000
eThekwini	Umlazi Urban Regeneration	18,000
eTthekwini	KwaMashu Bridge City	27,875
uMhlathuze	Waterstone Farm	10,000
Newcastle	Johnston Blaaubosch Cavan	14,011

Additionally, the Department is identifying serviced sites for those beneficiaries who fall into the GAP market. This process will allow those individuals who earn above the threshold to qualify for a free house, yet do not earn enough to finance a bonded house to enter the housing market.

The Department will prioritise the issuing of title deeds for pre-1994 stock. This is important because these are otherwise dead assets. Without the title deeds the owners are unable to revitalise the old townships. The Department will also create a dedicated unit dealing with fast-tracking the issuing of title deeds of post-1994 stock.

○ **Public Private Partnerships**

There are no public private partnerships.

○ **Discontinued activities / activities to be discontinued**

None.

○ **New or proposed activities**

None.

○ **Supply chain management**

- There were no unsolicited bids.

All bids are advertised publicly to ensure that the system is fair and transparent. Bid Committees have been appointed and training has been provided by Provincial Treasury to ensure that they perform their functions efficiently and effectively. At the beginning of the financial year a departmental procurement plan is developed indicating goods and services that will be procured in that financial year. The procurement plan is linked to the budget and it is approved by the Head of Department. Bids are only invited for goods and services that are in the Departmental Procurement Plan.

- **The following challenges have been experienced:**

Service providers not meeting the compliance issues e.g. registration with provincial treasury, submission of tax clearance certificates and completing of bid documents etc. This is covered in the briefing sessions that are held with service providers before the closing of bids.

○ **Gifts and Donations received in kind from non-related parties**

No gifts or donations were received in kind from non-related parties (refer annexure 1D of the annual financial statements).

○ **Exemptions and deviations received from the National Treasury**

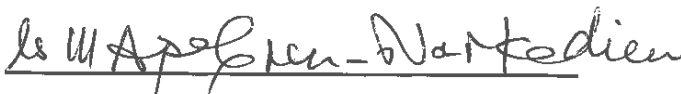
No exemptions or deviations were received from National Treasury by the Department.

○ **Events after the reporting date**

There are no material facts or circumstances, which may have an effect on the understanding of the financial state of affairs, not addressed elsewhere in this report Include the nature of any events (adjusting and non-adjusting), favourable and unfavourable that occurred after the reporting date and the date of approval of the Annual Financial Statements.

○ **Approval and Sign-off**

The Annual Financial Statements set out on pages 137 to 219 have been approved by the Accounting Officer.



Ms. G. M. Apelgren-Narkedien
Accounting Officer
KwaZulu-Natal Department of Human Settlements
Date: 27 July 2016

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

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

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

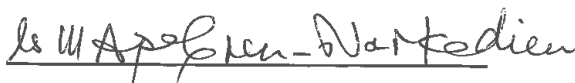
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2016.

Yours faithfully



Ms. G. M. Apelgren-Narkedien
Accounting Officer
KwaZulu-Natal Department of Human Settlements
Date: 27 July 2016

6. STRATEGIC OVERVIEW

6.1. Vision

Together Breaking New Ground to achieve decent, integrated and sustainable human settlement patterns.

6.2. Mission

To deliver suitably located housing opportunities and security of tenure over the next five years through collaborative partnership, legislative planning processes and empowerment of women in construction.

6.3. Values

The Department subscribes to the principles of Batho Pele and embraces the following key values:

- Commitments to performance;
- Trust and honesty;
- Transparency and consultation;
- Integrity; and
- Accountability.

CORE VALUES / PRINCIPLES FOR THE DEPARTMENT OF HUMAN SETTLEMENTS	
Commitment to performance	We will continue to motivate our staff to work hard and efficiently through recognition while providing service excellence at all times.
Trust and honesty	We provide service impartially, fairly, equitably and without bias.
Transparency and consultation	We will be open about our day to day activities, how much our department receives and how that money is spent. Annual reports, strategic plans, service commitment charters, etc. will be made available to the public.
Integrity	Integrity means doing the right thing at all times and in all circumstances, whether or not anyone is watching. It takes having the courage to do the right thing, no matter what the consequences will be. Building a reputation of integrity takes years.
Accountability	We will continue to be answerable for both our financial and non-financial performance. The publishing of the Annual Report will provide an accurate reflection of the functioning of the Department.

7. LEGISLATIVE AND OTHER MANDATES

Legislative Mandates

LEGISLATION	MANDATE
1. Constitution of the Republic of South Africa 108 of 1996	<p>Chapter 2: Bill of Rights:</p> <p>Section 26:</p> <p>Everyone has the right to have access to adequate housing. The State must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of this right. No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.</p>
2. Housing Act 107 of 1997	<p>Part 1: Section 2:</p> <p>The national, provincial and local spheres of government must give priority to the needs of the poor in respect of housing development, consult meaningfully with individuals and communities affected by housing development. Ensure that housing development provides a wide choice of housing and tenure options as is reasonably possible which is economically, fiscally, socially and financially affordable and sustainable, is based on integrated development planning and is administered in a transparent, accountable and equitable manner, and upholds the practice of good governance</p>
3. Housing Consumer Protection Measures Act 95 of 1998	<p>Chapter 1: Section 3:</p> <p>The object of the Council is to:</p> <ul style="list-style-type: none"> (a) represent the interests of housing consumers by providing warranty protection against defects in new homes; (b) regulate the home building industry; (c) provide protection to housing consumers in respect of the failure of home builders to comply with their obligations in terms of this Act; (d) establish and to promote ethical and technical standards in the home building industry; (e) improve structural quality in the interests of housing consumers and the home building industry; (f) promote housing consumer rights and to provide housing consumer information; (g) communicate with and to assist home builders to register in terms of this Act; (h) assist home builders, through training and inspection, to achieve and to maintain satisfactory technical standards of home building;

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	(i) regulate insurers; and (j) in particular, to achieve the stated objects of this section in the subsidy housing sector.
4. Rental Housing Act 50 of 1999	Chapter 2: Section 1: Provides that Government must promote a stable and growing market that progressively meets the latent demand for affordable rental housing among persons historically disadvantaged by unfair discrimination and poor persons, by the introduction of incentives, mechanisms and other measures that: (i) improve conditions in the rental housing market; (ii) encourage investment in urban and rural areas that are in need of revitalization and resuscitation; and (iii) correct distorted patterns of residential settlement by initiating, promoting and facilitating new development in or the redevelopment of affected areas
5. Sectorial Titles Act, 1986(95 of 1986, as amended by Act 24 & 29 of 2003)	The Act provides for the division of buildings into sections and common property and for the acquisition of separate ownership in sections coupled with joint ownership in common property. The Act further provides for: a) The control of certain incidents attaching to separate ownership in sections and joint ownership in common property; b) The transfer of ownership of sections and the registration of sectional mortgage bonds over, and real rights in sections; c) The conferring and registration of rights in, and the disposal of, common property; d) The establishment of bodies corporate to control common property and for that purpose to apply the rules; and e) The establishment of a sectional titles regulation board.
6. Prevention of Illegal Eviction and Unlawful Occupation of Land Act 19 of 1998	Provides that: in circumstances of an eviction, an organ of state may institute proceedings for the eviction of an unlawful occupier from land which falls within its area of jurisdiction, except where the unlawful occupier is a mortgagor and the land in question is sold in a sale of execution pursuant to a mortgage, and the court may grant such an order if it is just and equitable to do so, after

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	<p>considering all the relevant circumstances, and if:</p> <p>(a) the consent of that organ of state is required for the erection of a building or structure on that land or for the occupation of the land, and the unlawful occupier is occupying a building or structure on that land without such consent having been obtained; or</p> <p>(b) it is in the public interest to grant such an order.</p> <p>It further provides that an organ of state contemplated in subsection may before instituting such proceedings; give not less than 14 days' written notice to the owner or person in charge of the land to institute proceedings for the eviction of the unlawful occupier.</p>
7. Home Loan and Mortgage Disclosure Act of 2000	Provides that an office of disclosure must be established in order to deal with financial institutions financial statements. The work incidental to the performance of the functions of the Office must be performed by a secretariat consisting of officials of the Department designated for that purpose by the Minister. The Director-General of Housing is the Accounting Officer for the Office and must cause the installation of the necessary financial controls and management measures by the Office to ensure full accountability for expenses incurred by the Office.
8. Disestablishment of South African Trust Limited Act of 2002	Provides that: All rights and assets of the Company, including the administrative, financial and other records of the Company, vest in the National Housing Finance Corporation (as per the Housing Act), all obligations and liabilities of the Company now vest in the Government as part of the national debt. Thus the Government must meet these obligations and liabilities.
9. Constitutional Court judgment of 2000, on the enforceability of social and economic rights (Government of the Republic of South Africa and Others v Grootboom and Others)	The court held that the State was obliged to take positive action to meet the needs of those living in extreme conditions of poverty, homelessness or intolerable housing. The interconnectedness of the rights and the Constitution as a whole had to be taken into account in interpreting the socio-economic rights and in particular, in determining whether the State had met its obligations in terms of them. The court held that the national government bore the overall responsibility for ensuring that the State complied with the obligations imposed on it by Section 26. The land program adopted by the metropolitan council, on the face of it, met the obligation of the State towards persons in the position of the

LEGISLATION	MANDATE
	<p>respondents to the extent that the national housing program did not. The existence of the program was, however, only the starting point. Effective implementation of it required at least adequate budgetary support by national government. As at the date of the launch of the application, the State had not been meeting the obligation imposed on it by section 26 within the relevant area. In particular, the programs adopted by the State fell short of the section's requirements, in that no provision was made for relief to categories of people in desperate need. The Constitution obliged the State to act positively to ameliorate these conditions. This obligation was to devise and implement a coherent and coordinated program, designed to provide access to housing, healthcare, sufficient food and water and social security to those unable to support themselves and their dependents. The State also had to foster conditions to enable citizens to gain access to land on an equitable basis. Those in need had a corresponding right to demand that this be done. However, section 26 (and also section 28) did not entitle the respondents to claim shelter or housing immediately on demand.</p>
<p>10. KwaZulu-Natal Housing Act, 1998 (12 of 1998 as Amended)</p>	<p>Chapter 4 provides that:</p> <p>The Department shall be responsible for the administration of the bank account of the Fund and manage and co-ordinate housing development in the Province.</p> <p>The department shall, subject to national and provincial housing policy and after consultation with the Minister, on behalf of the Provincial Government:</p> <p>(a) undertake projects;</p> <p>(b) maintain, sell, or lease dwellings and other immovable property;</p> <p>(c) notwithstanding anything to the contrary in any law and either with the prior consent of the owner or following the expropriation of such land, perform such work and undertake such projects on privately owned land as the Minister may, subject to such terms and conditions as he or she may determine, approve;</p> <p>(d) determine provincial policy in respect of housing development;</p> <p>(e) promote the adoption of provincial legislation to ensure</p>

LEGISLATION	MANDATE
	<p>effective housing delivery; and</p> <p>(f) prepare and maintain a multi-year plan in respect of the execution in the province of every national and provincial housing programme, which is consistent with a national and provincial housing policy.</p>
11. Housing Development Schemes for Retired Persons Act, 1998 (65 of 1988) as amended by 20 of 1998	The Act amends the Housing Development Schemes for Retired Persons Act, 1988, so as to amend the definition of "housing development scheme", to provide that land subject to a housing interest may be occupied only by a retired person or the spouse of a retired person, and to repeal section 10 of the Act.
12. National Building Regulations and Building Standards Act 103 of 1977	Part A, A1 provides that the plans and particulars in respect of any building to be erected by or on behalf of the State shall be accompanied by a certificate, signed by the head of the State Department concerned or an officer designated by him, setting out in full details as to the respect in which such erection will not comply with the requirements of these regulations.
13. Construction Industry Development Board Act 38 of 2000	Section 5 (1) states that the Board must within the framework of the procurement policy of Government promote the standardization of the procurement process with regard to the construction industry.
14. Preferential Procurement Policy Framework Act 5 of 2000	Provides that an organ of State must determine its preferential procurement policy and the specific goals therein may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.
15. Social Housing Act 16 of 2008	Section 32 makes provision that an agreement entered and concluded between the Regulatory Authority and Provincial Governments which sets out the respective roles and responsibilities of the Regulatory Authority and the Provinces in respect of social housing, specifies the proposed restructuring zones, specifies the process to approve, allocate and administer capital grants as contemplated in the social housing investment plan, and also sets out the process for determination of annual social housing programme and institutional subsidy allocation, the approvals process and timelines and the payments process and timelines.
16. Housing Development Agency Act 23 of 2008	In terms of Section 5 the following provision is made: The Minister may in consultation with the relevant MEC, where there is lack of capacity in any organ of State to identify, acquire, hold, develop and release land for residential and community purposes for the creation of sustainable

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	human settlements.
17. National Environmental Management Act, 1998 (107 of 1998) as amended by Act 8 of 2004	Provides for the cooperative environmental governance by establishing principles for decision making on matters affecting the environment. Section 16 provides that each provincial government must ensure that the relevant provincial environmental implementation plan is complied with by each municipality within its province and that municipalities adhere to the relevant environmental implementation; and management plans, and the principles of this Act in the preparation of any policy, programme or plan, including the establishment of integrated development plans and land development objectives.
18. Communal Land Rights Act 11 of 2004	<p>Makes provision for:</p> <ul style="list-style-type: none"> a) The legal security of tenure by transferring communal land, including KwaZulu-Natal Ingonyama land, to communities, or by awarding comparable redress; b) conducting of a land rights enquiry to determine the transition from old order rights to new order rights; c) the democratic administration of communal land by communities; to provide for Land Rights Boards; and d) The co-operatives performance of municipal functions on communal land.
19. Communal Property Associations Act 28 of 1996	This Act enables communities to form juristic persons, to be known as communal property associations in order to acquire, hold and manage property on a basis agreed to by members of a community in terms of a written constitution. This Act prescribes the type of communities, who qualify, the registration process which needs to be followed as well as the rights, obligations and duties of parties once the juristic person has been established.
20. Deeds Registries Act 47 of 1937	The Act deals with the administration, registration of land and State land and details the procedures which need to be followed during same.
21. Extension of Security of Tenure Act 62 of 1997	<p>The Act promotes:</p> <ul style="list-style-type: none"> a) long term security of tenure for occupiers of land, where possible through the joint efforts of occupiers, landowners. and government bodies; b) extending the rights of occupiers whilst giving due recognition to the rights, duties and legitimate interests of

LEGISLATION	MANDATE
	owner; and. c) regulating the eviction of vulnerable occupiers from land in a fair manner
22. Land Administration Act 2 of 1995	The Act makes provision for the delegation of powers and the assignment of the administration of laws regarding land matters to the provinces as well as the creation of uniform land legislation
23. Expropriation Act, 1951 as repealed by Act 63 of 1975	The Act provides for the expropriation of land and other property for public and certain other purposes.
24. State Land Disposal Act 48 of 1961	This Act provides for the disposal of certain State land and to prohibit the acquisition of State land by prescription

Policy and Programme Mandates

NAME OF POLICY	MANDATE
<p>1. Informal Settlement Upgrading Strategy for KwaZulu-Natal</p>	<p>A key objective of the Strategy is to give effect to the KwaZulu-Natal Elimination and Prevention of Re-Emergence of Slums Act (Act No. 6 of 2007). The purpose of this Act is to provide for: ‘the progressive elimination of slums in the Province of KwaZulu-Natal; measures for the prevention of the re-emergence of slums and the upgrading and control of existing slums.’ The Act obliges all</p> <p>Municipalities to assess the status of informal settlement and to plan accordingly. An additional and overriding objective for the KZN Department is however also to address and comply with the National Departments Outcome 8 National Development Agreement which places a high priority on the upgrading of Informal Settlements with access to basic services and secure tenure.</p> <p>In addition to this the more specific objectives of the Strategy include:</p> <ul style="list-style-type: none"> • enhancing the Housing Sector Planning process by including a Slum Clearance Programme; • promoting sector alignment in terms of IDP, Integrated Sustainable Human Settlements, Area Based Planning, Spatial Restructuring; • developing an informal settlement plan of action and to implement it together with the affected municipalities; and • promoting community participation in formulation and implementation of Slum Clearance Programme.
<p>2. The Integrated Sustainable Rural Development Strategy, November 2000</p>	<p>The strategy is designed to realize a vision that will attain socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development.</p> <p>Section 1: Outlines evaluation of international approaches to rural development, which have hinged around inadequate local capacity and</p>

NAME OF POLICY	MANDATE
	<p>tendencies to excessive centralization of decision making.</p> <p>Section 2 presents a characterization of rural South Africa. It identifies those that are widely associated with rural conditions around the world.</p> <p>Section 3 outlines the legal and policy framework for rural development in South Africa and outlines some achievements in the period 1994 to 2000.</p> <p>Section 4 presents the elements behind the vision of the ISRDS namely; rural development, sustainability, integration and the rural safety net.</p> <p>Section 5 presents the operational approach of the ISRDS i.e. build immediately on existing programmes of government through a well-coordinated, bottom-up approach to rural local economic development.</p> <p>Section 6 highlights some complementary measures to support the ISRDS namely; human resource development and capacity building, land reform, community based income generation projects, social assistance and safety nets and rural finance.</p> <p>Section 7 presents the proposed institutional arrangements, which will operate in the political and operational areas.</p> <p>Section 8 identifies five implementation elements of the strategy which comprises of; institutional arrangements, establishment of an information and knowledge base, development of planning and monitoring systems, establishing mechanisms of coordination and stakeholder mobilization.</p>
<p>3. The National Housing Code, 2009</p>	<p>The Code sets the underlying policy principles, guidelines and norms and standards which apply to Government's various housing assistance programmes introduced since 1994 and updated. It also identifies various housing subsidy instruments available to assist low income households to access adequate housing. It further provides for the qualification criteria per subsidy instrument and the process that needs to</p>

NAME OF POLICY	MANDATE
	be followed in order to access the specific instrument.
<p>4. The National Spatial Development Perspective, 2006</p>	<p>The document comprises:</p> <ul style="list-style-type: none"> • A set of principles and mechanisms for guiding infrastructure investment and development decisions; • A description of the spatial manifestations of the main social, economic and environmental trends that should form the basis for a shared understanding of the national space economy; and • An interpretation of the spatial realities and the implications for government intervention. <p>In order to contribute to the broader growth and development policy objectives of Government the document advocates the following five principles:</p> <p>Principle 1: Rapid economic growth that is sustained and inclusive is a pre-requisite for the achievement of other policy objectives, among which poverty alleviation is key.</p> <p>Principle 2: Government has a constitutional obligation to provide basic services to all citizens (e.g. water, energy, health and educational facilities) wherever they reside.</p> <p>Principle 3: Beyond the constitutional obligation identified above, government spending on fixed investment should be focused on localities of economic growth and/or economic potential in order to gear up private-sector investment, to stimulate sustainable economic activities and to create long-term employment opportunities.</p> <p>Principle 4: Efforts to address past and current social inequalities should focus on people, not places.</p> <p>Principle 5: In order to overcome the spatial distortions of apartheid, future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or that link the main growth centres.</p>
<p>5. Building capacity of housing stakeholders (especially municipalities)</p>	<p>The Housing Act 107 of 1997 provides that all</p>

NAME OF POLICY	MANDATE
	<p>reasonable and necessary steps to support municipalities in the exercise of their power and the performance of their duties in respect of housing development.</p> <p>Section (2) (e) states that National and Province must support and strengthen the capacity of municipalities to manage their own affairs to exercise their powers and performs their duties in respect of housing development.</p> <p>The Housing Accreditation programme is meant to support the municipalities.</p>
<p>6. Outcome 8: Medium Term Strategic Framework 2014-2019</p>	<p>The framework focuses on policy and funding reforms to achieve the following:</p> <ul style="list-style-type: none"> • Better spatial planning to better target resource allocation; • Ensuring that poor households have adequate housing in better living environments; • Supporting the development of a functionally and equitable residential property market improving institutional capacity; and coordination <p>In order to achieve the vision of sustainable human settlements and improved quality of household life the DoHS drives effective programmes to achieve the following:</p> <ul style="list-style-type: none"> • Adequate housing and improved quality living environments; • A functionally equitable residential property market; and • Enhanced (institutional) capabilities for effective coordination of spatial investment decisions.
<p>7. Provincial Growth and Development Plan</p>	<p>Strategic Objective 3.4: Sustainable human settlements</p> <p>The provision of a house remains an important part of human settlements it is now common cause that liveable human settlements require decent planning that involves: designing a safe environment, infrastructure that allows and enables economic activity, delivery of services and social facilities as well as good maintenance</p>

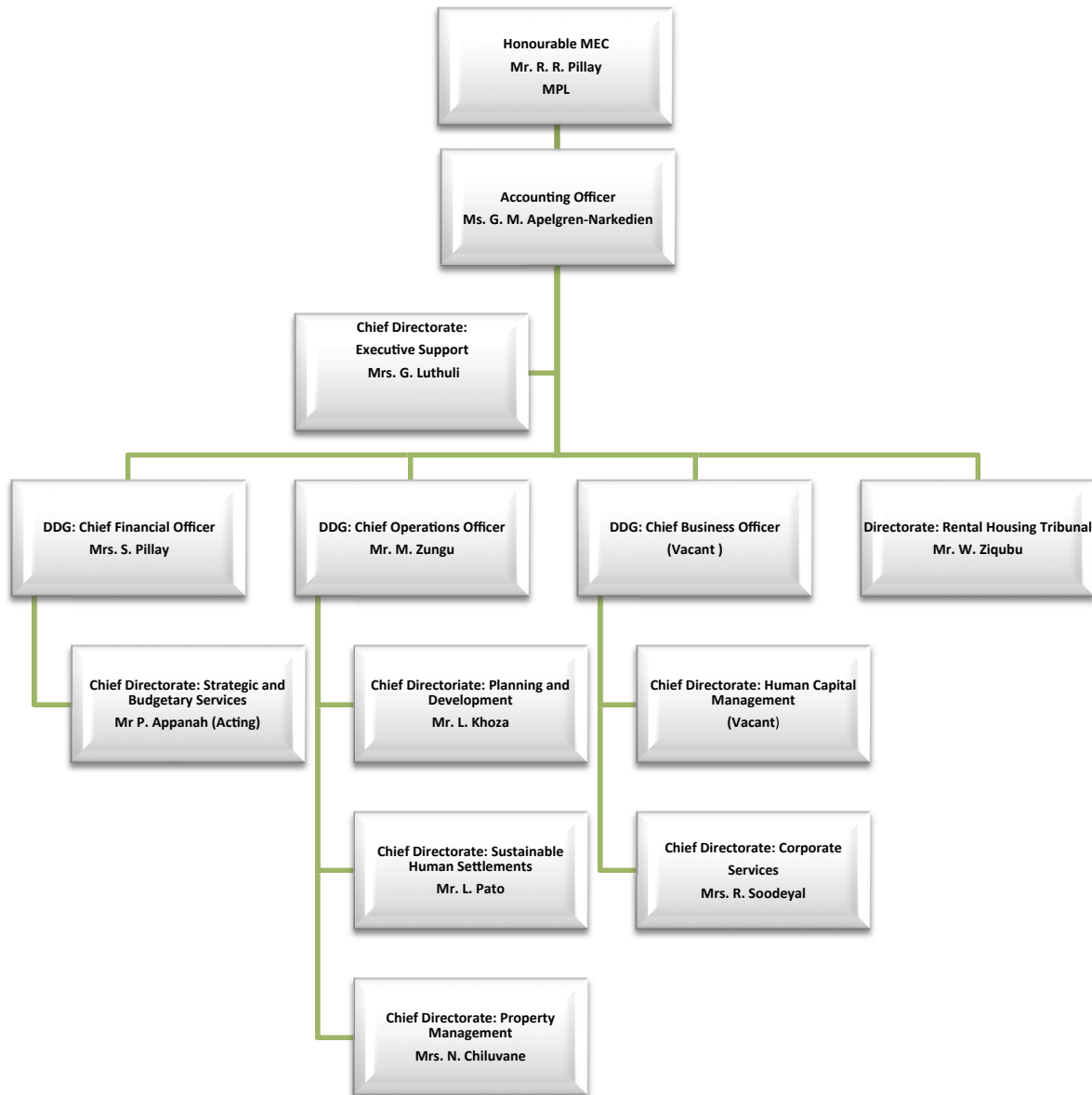
NAME OF POLICY	MANDATE
	<p>capacity. This desired human settlement has been slow to materialize. The causes are many and varied, yet not insurmountable. This intervention is about finding an appropriate institutional mechanism to achieve a coordinated and aligned service delivery programme, with DoHS being the driver of this institutional mechanism as they are most acutely affected by the uncoordinated service delivery response.</p> <p>Proposed interventions are as follows:</p> <p>Intervention 3.4.a: Establishment of a joint provincial forum addressing integrated development planning</p> <p>A human settlement in particular requires co-ordination such that houses, water, electricity and sanitation are an immediate part of the same product, whilst community life is also enabled by provision of schools, and other social facilities. It is not clear why this co-ordination is not possible despite it having been long recognized to be a requirement. This intervention is about providing a model for this alignment and co-ordination of government efforts for improved delivery of sustainable Human Settlement. This forum will use as its departure point the Provincial Spatial Development Framework, which has identified KZN's areas of opportunity and intervention.</p> <p>Intervention 3.4.b: Densification of settlement patterns</p> <p>This intervention recognizes that the current settlement patterns are not conducive to cost effective service delivery or environmentally sustainable settlements. This is as a result of dispersed and fragmented settlement patterns that require people to travel long distance to access economic opportunities or lesser density per hectares that are more expensive to service. This intervention proposes an alternative densification model that uses current housing</p>

NAME OF POLICY	MANDATE
	<p>instruments to achieve greater urban densities and more coherent integrated settlements around identified emerging nodes.</p> <p>Intervention 3.4.c: Transformation of Informal Settlements</p> <p>This intervention is about providing housing opportunities to people at the low end of the housing market. It proposes to transform these informal settlements via the business instruments of: Informal Settlements Upgrade; Integrated Residential Development Programme; and Enhanced Peoples Housing Programme. In this way, people living in informal settlements have greater opportunity to access tenure of housing, economic and social opportunities.</p> <p>Intervention 3.4.d: Develop provincial strategy and plan to address housing Gap Market</p> <p>This intervention seeks to provide housing subsidy for people, who earn between (R3501 - R15000) in</p> <p>the gap market to allow for purchase of property. These properties ranges from R450,000 to R700,000 which is entry level housing and usually difficult to obtain bonds. The intervention will include a targeted inclusion of gap housing in all new housing projects aligned to the target contained in national outcome 8. The current housing instrument of Financially Linked Intervention Subsidies (FLISP) is being used to address this housing challenge.</p> <p>Intervention 3.4.e: Expand the Social Housing Programme and Rental Programme</p> <p>This intervention is to address the current lack of housing opportunities for low end housing market entrants. The intervention seeks to provide well</p>

NAME OF POLICY	MANDATE
	located accommodation on a rental basis for income brackets between (R3 501 - R7 500). The current housing instruments being used to achieve this are the Social Housing Programme, the Institutional Subsidy Programme and the Community Residential Units Programme. These instruments either purchase or build units for rental purposes as well as refurbish previous hostels.
8. National Development Plan	<p>Chapter 8: Transforming Human Settlements</p> <p>The objectives include the following:</p> <ul style="list-style-type: none"> • Strong and efficient spatial planning system, well integrated across the spheres of government; • Upgrade all informal settlements on suitable, well located land by 2030; • More people living closer to their places of work; and • More jobs in or close to dense, urban townships. <p>Actions:</p> <ul style="list-style-type: none"> • Reforms to the current planning system for improved coordination. • Develop a strategy for densification of cities and resource allocation to promote better located housing and settlements. • Introduce spatial development framework and norms, including improving the balance between location of jobs and people. • Conduct a comprehensive review of the grant and subsidy regime for housing with a view to ensure diversity in product and finance options that would allow for more household choice and greater spatial mix and flexibility. • Introduce mechanisms that would make land markets work more effectively for the poor and support rural and urban livelihoods.
9. Breaking New Ground - A Comprehensive Plan for the Development of Sustainable Human Settlements	<p>The specific objectives include:</p> <ul style="list-style-type: none"> • Accelerating the delivery of housing as a key strategy for poverty alleviation; • Utilizing provision of housing as a major job

NAME OF POLICY	MANDATE
	<p>creation strategy;</p> <ul style="list-style-type: none"> • Ensuring property can be accessed by all as an asset for wealth creation and empowerment; • Leveraging growth in the economy; • Combating crime, promoting social cohesion and improving quality of life for the poor; and • Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump. <p>The Department will enhance its contribution to spatial restructuring by:</p> <ul style="list-style-type: none"> • Progressive Informal Settlement Eradication; • Promoting Densification and Integration; • Enhancing Spatial Planning; • Enhancing the location of new housing projects; • Supporting Urban Renewal and Inner City Regeneration; • Developing social and economic infrastructure; and • Enhancing the Housing Product.

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

The KwaZulu-Natal Housing Fund reports to the KwaZulu-Natal Department of Human Settlements. The Department does not have any other public entities reporting to it directly, however it works closely with the public entities reporting to the National Department of Human Settlements and has a number of service level agreements to guide the services they provide to the department. Such entities include the National Home Builders Registration Council (NHBRC), National Housing Financial Corporation (NHFC), Social Housing Regulatory Authority (SHRA), National Urban Reconstruction and Housing Agency (NURCHA) and Rental Housing Association Fund (RHAF).



PART B:
PERFORMANCE INFORMATION

1. AUDITOR-GENERAL’S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor’s report.

Refer to page 134 of the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The department has performed well over the last financial year. The targets for beneficiaries and units were both exceeded and the number of sites produced was the highest since 2011. However, the number of transfers of title deeds fell short of expectations. This can be attributed to underlying land and legal issues such as the lack of township layouts and registers which prevent the transfer of title deeds to owners. The department is addressing this issue by the appointment of a panel of experts to expedite these processes. However, this includes liaising with municipalities and the Surveyor-General and these interventions are long-term in nature. Additionally, this is a costly procedure which is impacted on by the fiscal deficits faced by government.

2.2 Service Delivery Improvement Plan

The department has completed a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Issue of property title deeds ¹	Municipalities, Provincial Departments, housing applicants, beneficiaries (people earning less than R3 500), and Housing	Compliance with NHRBC, SABS and norms that all houses conform to the standards	5,681	2,166

¹ Property deeds refers to vacant land as well as land with buildings on it

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
	Institutions (e.g. Housing Development)			
Provide serviced sites	To persons earning between R3, 500 – R 15, 000 for purchase	Compliance with NHRBC, SABS and norms that all sites conform to the standards	2,000	-
Provision of low income housing	Qualifying South African Citizens who earn less than R3,500 per month	Compliance with NHRBC, SABS and norms that all houses conform to the standards	25,233	26,552

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Road Shows	Radio talk show and newsletters	Increase awareness on know your services right campaign
Izimbizo, Exhibitions Summits, Project launches and Handover, implementing Agency meeting Municipalities Forum meeting, OSS	Izimbizo, Summits, Project launches and Handover, implementing Agency meeting Municipalities Forum meeting, Help desk	Improve determination of need and expectation of the ender user of services
Consumer Management Forum	Access on TV service in department offices, information brochures. Stakeholders forum Meeting.	Improve service delivery and improve awareness

Service delivery information tool

Current/actual arrangements	Desired arrangements	Actual achievements
Road Shows	Radio talk show and newsletters	Increase awareness on know your services right campaign
Izimbizo, Exhibitions Summits, Project launches and Handover, implementing Agency meeting Municipalities Forum meeting, OSS	Izimbizo, Summits, Project launches and Handover, implementing Agency meeting Municipalities Forum meeting, Help desk	Improve determination of need and expectation of the ender user of services
Consumer Management Forum	Access on TV service in department offices, information brochures. Stakeholders forum Meeting.	Improve service delivery and improve awareness

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Suggestion Boxes, and customer satisfaction surveys	Call centre report	Improve quality responses and customer care services
Complaints Handling system and Procedures	Complaints Response Register	Improve quality time line in the handling of complaints
Utilization of toll-free numbers to reports fraud and corruption	Utilization of toll-free numbers to reports fraud and corruption	Reduce fraud and corruption practices
Training of employees in handling of complaints fast and efficiently	Computerised complaints system and complains forms	Improve quality responses and customer care services

2.3 Organisational environment

The Department’s mandate is based on Outcome 8 of the Government’s Programme of Action which seeks to provide sustainable human settlements and improved quality of life. As such, human resources form an integral part in the realisation of this initiative.

The Department is currently still utilising its staff structure that was approved in 2008. However, the process to restructure to align the Organisational Structure to National Mandates and Provincial Government Priorities is near completion and it is anticipated that will support the core business to achieve the strategic objectives of the Department. The aim is also to align to the Generic Functional Sector Structures for the Core, Corporate and Finance. Budget cuts on the equitable share and stringent cost cutting measures has however also resulted in further realignments having to be undertaken which had further delayed the process.

The appointment of suitably qualified employees with the relevant technical skills using OPSCAP funding has in the interim greatly improved service delivery and also closed the gap of scarce skills as identified by the Department. In addition, the continued decentralisation of functions and deployment of to the district municipalities has also facilitated service delivery.

In terms of the Transformational Prolife of the Department as per the National Cabinet approval, a 50% equity target for women at senior managerial level and an employment level of 2% for people with disabilities needs to be achieved. As at March 2016, this Department has achieved 52% equity target for women at senior managerial level and 1.97% employment level for people with disabilities. The total staff composition appointed on PERSAL in terms of Race, Gender, Disabled and Vacant posts per Salary Level is illustrated hereunder:

HUMAN RESOURCES																				ESTABLISHMENT										
POST/ SALARY LEVEL	AFRICAN				COLOURED				INDIAN				WHITE				TOTAL				Employees with a disability	No. of VACANT Posts	Total No. of Posts	% VACANT Posts						
	FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE		MALE						TOTAL					
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%										
01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
02	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
03	37	35	57	54	0	0	4	4	1	1	5	5	0	0	1	1	38	36	67	64	105	1	3	108	3					
04	7	29	18	67	0	0	1	4	0	0	0	0	0	0	0	0	7	29	17	71	24	1	1	25	4					
05	28	53	20	38	0	0	3	8	0	0	2	4	0	0	0	0	28	53	25	47	53	2	2	55	4					
06	24	63	13	34	0	0	1	3	0	0	0	0	0	0	0	0	24	63	14	37	38	2	0	38	0					
07	67	52	43	34	4	3	0	0	8	5	5	4	2	2	1	1	79	62	40	38	128	3	8	136	6					
08	73	41	51	28	8	3	4	2	8	4	22	12	10	8	8	3	97	54	83	48	180	4	7	187	4					
09	17	57	9	30	0	0	0	0	2	7	2	7	0	0	0	0	19	63	11	37	30	0	2	32	6					
10	31	24	61	47	1	1	4	3	7	5	18	14	3	2	5	4	42	32	88	68	130	2	8	138	6					
11	17	47	17	47	0	0	0	0	1	3	1	3	0	0	0	0	18	50	18	50	36	0	2	38	8					
12	18	32	23	40	1	2	3	5	6	11	5	9	0	0	1	2	26	44	32	56	57	0	5	62	8					
Sub-Tot	319	41	311	40	12	2	20	3	31	4	60	8	15	2	14	2	377	48	405	52	782	15	38	820	5					
13	9	39	8	35	1	4	0	0	2	9	2	9	0	0	1	4	12	52	11	48	23	1	3	26	12					
14	0	0	2	40	0	0	0	0	1	20	1	20	1	20	0	0	2	40	3	60	5	0	2	7	29					
15	0	0	1	50	0	0	0	0	1	50	0	0	0	0	0	0	1	50	1	50	2	0	0	2	0					
16	0	0	0	0	1	100	0	0	0	0	0	0	0	0	0	0	1	100	0	0	1	0	0	1	0					
Sub-Tot	9	29	11	35	2	6	0	0	4	13	3	10	1	3	1	3	16	52	15	48	31	1	5	36	14					
TOTAL	328	40	322	40	14	2	20	2	35	4	63	8	16	2	15	2	383	48	420	52	813	16	43	856	5					

2.4 Key policy developments and legislative changes

No key policy or legislative changes.

3. STRATEGIC OUTCOME ORIENTED GOALS

Information in this regard is provided in Part B.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

This Programme undertakes to provide strategic leadership, effective management and improvement of business processes and systems, as well as improved inter-governmental relations, in order to ensure that the key strategic objectives are met. It is through effective strategic planning, and active monitoring of expenditure trends as well as improvements on the Department's information management, IT governance, IT infrastructure, IT security and reporting systems that this Department provides for a supportive and enabling environment to improve service delivery.

Strategic objectives, performance indicators, planned targets and actual achievements

The significant achievements in programme 1 relate to the reduction of the departmental vacancy rate to 5% in line with the Cabinet Resolution. This has assisted the department in ensuring the provisioning of skilled human resources. The successful HSDG business plan reviews and the three-year financial plan linked to HSDG business plan have ensured the financial viability of the department.

Strategic objectives

Programme 1: Administration					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Ensure the financial viability of the department	-	2 HSDG Business plan reviews undertaken	1	100%	
	-	1 three-year financial plan linked to HSDG business plan undertaken	1	100%	
Provision of skilled human resources	-	40 Vacant funded posts filled	52	130%	12 posts which were advertised in the previous financial year were filled in this financial year.

Performance indicators

Programme 1: Administration					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Fraud Prevention Plan reviewed	Implementation of Fraud Prevention Plan	Fraud Prevention Plan Reviewed	1	1	Target has been achieved.
Maximum Vacancy rate of 5%	6%	8%	5%	-3%	12 posts which were advertised in the previous financial year were filled in this financial year
Personnel information on Persal System verified	59%	100%	62%	-38%	The department has experienced human resource capacity constraints in capturing the data onto Persal and into batches for SAQA.
Approved Organizational Structure implemented	Re-alignment and Implementation to New Mandates	Organisational Structure Implemented	-	-1	The organisational structure had been fully aligned to the new mandates. Approval was delayed because of new directives from DPSA which were issued in September 2015 which dealt with support functions.
Number of vacant posts filled within 6 months versus number of funded vacant posts	30	40	52	12	12 posts which were advertised in the previous financial year were filled in this financial year
Reviewed/ updated GWEA in place	GWEA reviewed and updated	GWEA reviewed and updated	1	1	

Strategy to overcome areas of under performance

The department has not achieved its set target of an approved organisational structure implemented. It has been resolved that the department will use the approved 2008 structure. However, it will not fill any posts which are not reflected on the proposed organogram awaiting DPSA approval.

The department has also not achieved its set target of 100% verification of Persal data. Instead 62% was achieved. Due to the capacity constraints faced by Persal the Senior Manager: Human Resources has agreed to move the capturing point to a unit with more resources.

Changes to planned targets

No changes to planned targets.

Linking performance with budgets

Sub-programme expenditure

Sub- Programme	2015/2016			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Services	195,128	198,260	(3,132)	184,394	182,847	1,547
Total	195,128	198,260	(3,132)	184,394	182,847	1,547

4.2 Programme 2: Housing Needs, Research and Planning

The strategic thrust of this Programme is to ensure that housing development is undertaken in an integrated and sustainable manner. The promotion and implementation of sound planning principles is therefore pivotal for the creation of sustainable human settlements with strengthened capacity and the effective development of policies that support and facilitate housing delivery.

Strategic objectives, performance indicators, planned targets and actual achievements

This programme has contributed towards achieving the goal of “promoting inter-sectorial planning and housing opportunities”. This can be seen by the achievement of the strategic objective “implements projects that will ensure spatial, social and economic integration” – through the achievement of its catalytic projects.

Strategic objectives

Programme 2: Housing Needs, Research and Planning					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Implement projects that will ensure spatial, social & economic integration	-	5 catalytic projects	6 catalytic projects	1 catalytic project	Additional projects were tabled that received approval.

Performance indicators

Programme 2: Housing Needs, Research and Planning					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2015	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
A Multi-Year Housing Development Plan /APP developed by October	1	1	1	-	Target has been achieved.
Number of Municipalities capacitated and supported with regard to human settlement (Housing) development planning	47	40	53	13	Resultant from ad-hoc meetings called by the municipalities

Programme 2: Housing Needs, Research and Planning					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2015	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of projects aligned to/with Small Towns Regeneration Programme	1	2	-	2	This indicator has been phased out in the APP 2016/17 due to the department's involvement in these projects.
Number of planned Human settlement (housing) developments based on IDP's and National and Provincial priorities approved.	29	-	-	-	No deviation
Number of policy guidelines approved	2	6	4	-2	Policy on the Disposal of service sites- The policy was completed in January 2016 and new issues (revised approach) were raised which required more time. Therefore, the time line could not be finalized. Review of Youth and women Empowerment Policy - the policy was amended and accordingly however the new developments were raised whereby the policy had to be benchmarked with the KZN Public Works empowerment policy and also align it with the KZN Procurement Indaba Resolution
Number of projects approved (research)	4	5	3	-2	Research Project Post 1994 Rectification (ISU) and Research Project on Rural development, communal and ownership model relation to land transferred through land reform to legal activities, KZN Ingonyama Trust and the extent to which regulations support

Programme 2: Housing Needs, Research and Planning					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2015	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
					traditional leadership not rural development- The two projects were allocated to a staff member who left during the final quarter when the project was due. Leaving the project at consultation stage at (70%) Complete)
Number of research papers completed	8	5	1	-4	1 Research paper approved by HOD on 18/04/2016. 3 Research assignments were outsourced and the reports from the Service Providers were received in March 2016. Thus could not be analysed and submitted for approval by the Authorities before 31/03/2016.
Number of municipalities capacitated on accreditation	7	7	7	-	Target has been achieved

Strategy to overcome areas of under performance

The policy and research unit has commenced the work on a number of policy guidelines. However, a number of these documents have not yet obtained the necessary approval from the MEC. This is largely due to the fact that the MEC has to carefully review, analyse and recommend amendments to these document so that they speak to the direction the department has adopted. Once the review process has been completed the documents will then be made public and all stakeholders shall have access to them accordingly.

The Planning unit has exceeded most of the performance targets that were set for the financial year 2015/16. The unit has been advised to fine tune its performance reporting process, particularly in relation to ensuring that supporting documents are consistently signed and are up to date.

Changes to planned targets

There were no changes to planned targets.

Changes to planned targets

There were no changes to planned targets.

Linking performance with budgets**Sub-programme expenditure**

Sub- Programme	2015/2016			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	516	376	140	401	338	63
Policy	4,305	4,354	(49)	3,561	3,539	22
Planning	3,693	3,447	246	3,714	3,400	314
Research	8,695	8,234	461	7,279	6,946	333
Total	17,209	16,411	798	14,955	14,223	732

4.3 Programme 3: Housing Development

This programme is responsible for the implementation and monitoring of human settlement developments/ projects through the various subsidy mechanisms in terms of national and provincial policy provisions.

The main objective of Programme 3 is to promote effective and efficient housing delivery. The bulk of this programme provides for various housing subsidies. The subsidy programmes implemented include amongst others, FLISP, ISU, IRDP, emergency housing, social housing, rectification, social and economic facilities and rural housing.

It must be noted that Programme 3 consists of Human Settlements Development grant.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 3 focuses mainly on the goal of “Improving the quality of delivery services”. It does this through the strategic objectives: “Accelerate the delivery of slums clearance and Outcome 8 projects” and “Accelerate the provision of rental opportunities”. This financial year the department achieved 9,313 urban housing opportunities and eradicated 4 slums. This has a significant impact for government’s priority of reducing poverty and crime. Additionally, 1,290 rental opportunities were provided to qualifying beneficiaries by means of the Community Residential Unit programme. In the light of urbanisation trends these achievements bode well for the future.

Strategic objectives

Programme Name: Housing Development					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Accelerate the delivery of slums clearance projects and Outcome 8 projects	-	23,666 Number of urban Housing opportunities	8,293 urban housing opportunities	15,373	<p>When this target was initially conceptualised the MTSF was utilised. However, the National Minister of Human Settlements was unable to secure additional funding. The targets will be reduced in the forthcoming APP in Annexure D.</p> <p>The Metro experienced delays in the appointment of 6 contractors who were to commence building the top structures at Cornubia.</p> <p>Procurement processes within the Metro delayed the</p>

Programme Name: Housing Development					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
					commencement of projects.
Accelerate the creation of rental housing opportunities, and implement projects that ensure spatial, social and economic integration	-	6 additional restructuring zones declared by the National Minister of Human Settlements	-	6	The Restructuring Zones were packaged and sent to National for consideration for approval
Improve access to tenure	-	5,681 transfers	2,116	3,515	Underlying land issues and township establishment delays causes under performance. This land needs to be consolidated onto one title deed and a township layout needs to be opened by the relevant municipality prior to a title deed being issued to a beneficiary.

Performance indicators

Programme 3: Housing Development					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Individual non-credit linked subsidies Number of houses completed	1,020	-	207	207	This programme was terminated with effect from the 27/01/2015. However, there were a number of a number of applications in process, committed as approved, and in process of being transferred to beneficiary, that had to be finalised.
FLISP Number of houses completed	197	350	365	15	There has been a noticeable increase in delivery relative to the previous financial

Programme 3: Housing Development					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
					years. Awareness of this programme with the largest stakeholders, i.e. the financial institutions under BASA is being driven aggressively in KZN and it is anticipated that this drive will see delivery on FLISP increasing
FLISP Number of serviced sites	-	2,000	-	-2,000	No delivery on serviced sites under FLISP due to the policy framework and assessments not being in place timeously to effect roll out. The Department has appointed a team of service providers who are undertaking the planning and servicing of large vacant sites.
Integrated Residential Developmental Programme Number of houses completed	442	2,866	1,454	-1,412	The Metro experienced delays in the appointment of 6 contractors who were to commence building the top structures at Cornubia.
Integrated Residential Development Programme Number of new sites connected to basic water and sanitation services	1,997	3,469	3,905	436	More sites were completed in order to allow for the more houses to be built with the additional funding received from National Housing.
Consolidation Subsidies	-	-	12	12	This reporting instrument has been phased out
Informal Settlements Upgrade Number of houses completed connected to basic services	7,409	5,277	3,168	-2,109	Procurement processes within the Metro delayed the commencement of projects.
Informal Settlements Upgrade Number of new sites connected to	2,016	3,246	2,970	-276	Procurements processes within the Metro delayed the

Programme 3: Housing Development					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
basic services (Including PLS)					servicing of sites.
Peoples Housing Process Number of houses completed	3,058	2,520	2,960	440	More units were developed in Vulindlela because of additional funding from national.
Disaster Management Rehabilitation (Inclusive of Sukuma Sakhe) Number of houses completed	632	2,985	1,501	-1,484	Implementing agents delayed the building of houses as they required a cost escalation which the department could not fund as there was no saving in the HSDG. Alternative Technology provider ABT has been appointed to reduce the time it takes to produce houses.
Rectification 1994 -2002 Number of units rectified	455	1,186	910	-276	The Ministers directive initially did not allow for spending on rectification delaying spending on rectification. SCM delays at municipal level were also experienced, which delayed projects.
Institutional Subsidy Programme Number of houses completed	440	-	76	76	There were no projections against this programme as it was discontinued by the province however the work in progress which was completed has caused the over performance.
Community Residential Units Number of units completed	109	1,113	270	843	In addition to the 270 completed units. 1,020 CRU's were converted. Should this be taken into account the department would have exceeded its target by 177.
Military Veterans Housing Programme Number of housing completed	-	170	-	-170	There was a change by beneficiaries to be relocated to urban areas. The Metro needs to identify infill sites in the townships

Programme 3: Housing Development					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
					selected by the beneficiaries. The delay in these land issues has delayed the issue of planning.
Rural Housing Number of houses completed	15,944	8,452	16,539	8,087	More units were delivered to ensure that projects are closed out and meet the contractual agreements in place. The additional funding from National Department had to be spent and more resources were put on sites to deliver.
Number of work opportunities created through related programmes	6,656	7,700	6,181	-1,519	The introduction of Phase III EPWP reporting system in June 2015 required additional reporting requirements. Workshops were held with the districts.
Number of targeted person's days of work	991,530	860,000	204,692	-665,308	The introduction of Phase III EPWP reporting system in June 2015 required additional reporting requirements.
Number of target FTEs (Full Time Equivalent)	4,311	3,700	890	-2,810	The introduction of Phase III EPWP reporting system in June 2015 required additional reporting requirements.
Number of properties transferred	3,193	5,681	2,166	-3,515	Underlying land issues and township establishment delays caused under delivery. The land needs to be consolidated onto one title deed and a township layout needs to be opened by the relevant municipality prior to a title deed being issued to a beneficiary.
Number of beneficiaries approved	52,089	14,225	37,248	23,023	The processing of Beneficiary

Programme 3: Housing Development					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
					Approvals at Subsidy Administration has been streamlined to the extent that batches for approval are effected weekly. Hence, any applications received are processed timeously. The targets for beneficiaries are not set by Subsidy Administration however, and the unit's target is the TAT on applications received. A control sheet has been developed to ensure targets are not exceeded.
Number of serviced sites delivered per human settlements (housing) programme.	4,013	8,885	6,879	-2,006	Procurement processes within the Metro delayed the commencement of projects.
Number of houses completed (Excluding Rectification)	29,312	25,233	26,552	1,319	The over performance was due to additional funding that was received from National Department and some contractors performed more units.
Number of hectares of well-located land acquired and/ or released for residential development	779	513	525	12	The Msunduzi Municipality required additional properties for the Greater Edendale Development Initiative and thus the target was exceeded by 12 hectares.

Programme 3: Outcome 8					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Integrated Residential Developmental Programme Number of houses completed	442	2,866	1,454	-1,412	The Metro experienced delays in the appointment of 6 contractors who were to commence building the top structures at Cornubia.
Informal Settlements Upgrade Number of houses completed	7,409	5,277	3,168	-2,109	Procurement processes within the Metro delayed the commencement of projects.
Peoples Housing Process Number of houses completed	3,058	2,520	2,960	440	More units were developed in Vulindlela because of additional funding from national.
Institutional Subsidy Programme Number of houses completed	440	-	76	76	There were no projections against this programme as it was discontinued by the province however the work in progress which was completed has caused the over performance.
FLISP Number of houses completed	197	350	365	15	There has been a noticeable increase in delivery relative to the previous financial years. Awareness of this programme with the largest stakeholders, i.e. the financial institutions under BASA is being driven aggressively in KZN and it is anticipated that this drive will see delivery on FLISP increasing
Community Residential Units Number of units completed	109	1,113	270	-843	In addition to the 270 completed units, 1,020 CRU's were converted. Should this be taken into account the department would have exceeded its target by 177.

Programme 3: Outcome 8					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of hectares of well-located land acquired and/ or released for residential development	779	513	525	12	The Msunduzi Municipality required additional properties for the Greater Edendale Development Initiative and thus the target was exceeded by 12 hectares.

Strategy to overcome areas of under performance

A persistent challenge for the department relates to the installation of services for urban projects. The major hindrance in this regard relates to the severe shortage of bulk infrastructure in various municipalities around the province. As a result, the performance of various Implementing Agents that are contracted to deliver serviced units on behalf of the department is compromised. The MEC has publically stated projects should not be undertaken where bulk is not available. To this end Council Resolutions from Municipality's commitment to the provision of bulk supply are required.

Underlying land issues and township establishment delays caused under delivery. The land needs to be consolidated onto one title deed and a township layout needs to be opened by the relevant municipality prior to a title deed being issued to a beneficiary. A database of skilled built environment specialists (inclusive of conveyancers) has been appointed to spearhead this project.

Changes to planned targets

No changes to planned targets.

Linking performance with budgets**Sub-programme expenditure**

Sub- Programme	2015/2016			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	86,357	86,712	(355)	80,071	90,690	(10,619)
Financial Interventions	534,282	421,270	113,012	489,652	469,233	20,419
Incremental Interventions	1,283,640	1,307,269	(23,629)	1,287,587	1,089,267	198,320
Social and Rental Interventions	257,398	267,718	(10,320)	83,606	78,768	4,838
Rural Interventions	1,518,096	1,591,698	(73,602)	1,569,648	1,804,462	(234,814)
Total	3,679,773	3,674,667	5,106	3,510,564	3,532,420	(21,856)

4.4 Programme 4: Housing Assets Management, Property Management

This programme co-ordinates the maintenance of the departmental rental housing stock, the refurbishment of the old hostels and the conversion thereof to community residential units, the rectification of units built prior to 1994 and the transfer of rental housing stock to qualifying beneficiaries in terms of the Enhanced Extended Discount Benefit Scheme (EEDBS).

The maintenance of the rental housing stock and the vacant land of the department is one of the key focus areas of Property Management. Whilst the rental stock is being suitably maintained, it is the intention to deplete the rental stock by implementing the rectification programme and intensifying the transfers of properties to qualifying beneficiaries in terms of the EEDBS.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 4 strives to achieve the goal of “Improving the quality of delivery services” via the strategic objective “To fast track the transfer of title deeds to promote home ownership”, which is also a primary indicator in the PGDP. Although the process of rectification has gone well and the houses themselves are ready for transfer the following challenges exist:

- All Ethekwini R293 Towns have land legal issues requiring verification of township establishments/ underlying properties preventing movement of transfers. This is a lengthy process which has contributed to the delays in the transferring of units
- Some Municipalities have not finalised the appointments of conveyancing attorneys.
- Some Municipalities have delayed issuing of clearance certificates as a result of unpaid/ outstanding Municipal debts.

Strategic objectives

Programme 4: Housing Assets Management, Property Management					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
To fast track the transfer of title deeds to transfer ownership	639 transfers	1,359	655	-704	1. All Ethekwini R293 Towns have land legal issues requiring verification of township establishments/ underlying properties preventing movement of transfers. This is a lengthy process which has contributed to the delays in the transferring of units. 2. Some Municipalities have not finalised the appointments of conveyancing attorney. 3. Some Municipalities have delayed issuing of clearance certificates as a result of unpaid/ outstanding Municipal debts.

Performance indicators

Programme 4: Housing Assets Management, Property Management					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Pre-1994 Rectification Number of units rectified and /or upgraded	2,082	1,087	2,094	1,007	The over-performance is due to previously pended works from 2014/2015 being completed following release of tranche funding to the eThekweni Municipality in the 2015/2016 financial year and also due to the municipality utilising its own funds and accelerating delivery.
Number of rental units sold to beneficiaries	-	-	-	-	No variance
Number of rental units transferred	639	1,359	655	-704	<ol style="list-style-type: none"> 1. All Ethekewini R293 Towns have land legal issues requiring verification of township establishments/ underlying properties preventing movement of transfers. This is a lengthy process which has contributed to the delays in the transferring of units. 2. Some Municipalities have not finalised the appointments of conveyancing attorney. 3. Some Municipalities have delayed issuing of clearance certificates as a result of unpaid/ outstanding Municipal debts.
Number of rental units devolved to Municipalities in terms of Section 15 of the Housing Act, 1997	-	-	-	-	The KZN Department of Human Settlements does not devolve individual rental units to municipalities.

Programme 4: Housing Assets Management, Property Management					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of Debtors reduced per financial year	-	-	-	-	No variance.
Number of land parcels devolved to municipalities in terms of section 15 of the Housing act, 1997	-	16	-	-16	The Department is currently challenged with the delays experiencing at the State Attorney's Office as a number of properties were sent to the State Attorney to effect endorsements in the name of the Provincial Government of KwaZulu-Natal and thereafter transfer to Municipalities.
Number of units maintained	3,529	1,500	3,025	1,525	Currently the department provides maintenance for people living in properties in it's is name while they wait for transfer to occur. Prior to transfer occurring many of the houses require rectification prior to being transferred. Thus when rectification pre-1994 does not meet its targets the houses cannot be transferred and must continue to be maintained. This increases the number of units maintained.

Strategy to overcome areas of under performance

Underlying land issues and township establishment delays caused under delivery. The land needs to be consolidated onto one title deed and a township layout needs to be opened by the relevant municipality prior to a title deed being issued to a beneficiary. A database of skilled built environment specialists (inclusive of conveyancers) has been appointed to spearhead this project.

Changes to planned targets

No changes to planned targets.

Linking performance with budgets**Sub-programme expenditure**

Sub- Programme	2015/2016			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	51,248	47,633	3,615	47,542	46,561	981
Sale and Transfer of Housing Properties	958	537	421	662	919	(257)
Housing Properties Maintenance	187,031	193,517	(6,486)	100,326	96,208	4,118
Total	23,9237	241,687	(2,450)	148,530	143,688	4,842

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
HDA	Support work being undertaken by the agency	18,000	18,000	See performance report

5.2. Transfer payments to all organisations other than public entities

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

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Department of Transport	Provincial Department	Motor licences	Y	103	103	-
eThekweni Municipality	Municipality	Operational Costs for Accredited Municipality	Y	25,389	25,389	-
Hibiscus Municipality	Municipality	Operational Costs for Accredited Municipality	Y	3,604	3,604	-
Msunduzi Municipality	Municipality	Operational Costs for Accredited Municipality	Y	11,896	11,896	-
eMnambithi Municipality	Municipality	Operational Costs for Accredited Municipality	Y	1,203	1,203	-
Newcastle Municipality	Municipality	Operational Costs for Accredited Municipality	Y	4,561	4,561	-
uMhlatuze Municipality	Municipality	Operational Costs for Accredited Municipality	Y	4,246	4,246	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
KwaDukuza Municipality	Municipality	Operational Costs for Accredited Municipality	Y	3,397	3,397	-
eThekwini Municipality	Municipality	Rectification of pre-1994 housing stock	Y	110,108	110,108	-
eThekwini Municipality	Municipality	Hostel Upgrade programme (CRU)	Y	108,757	108,757	-
Various Municipality	Municipality	Rates and taxes	Y	14,598	14,598	-
Various Municipality	Municipality	Transfer costs – EEDBS programme	Y	482	482	-
Transfer to households	Various	HSDG and social benefits	Y	3,320,818	3,320,818	-
Department of Transport	Provincial Department	Motor licences	Y	103	103	-
eThekwini Municipality	Municipality	Operational Costs for Accredited Municipality	Y	25,389	25,389	-

The table below reflects the transfer payments which were budgeted for during the period 1 April 2015 to 31 March 2016, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
Nil	-	-	-	-

6. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds received

The table below details the conditional grants and ear marked funds received during for the period 1 April 2015 to 31 March 2016.

Conditional Grant 1: Human Settlement Development Grant

Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide for the creation of sustainable human settlements
Expected outputs of the grant	Sustainable Human Settlements
Actual outputs achieved	See performance report
Amount per amended DORA	3,543,852
Amount received (R'000)	3,543,852
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	3,543,852
Reasons for the funds unspent by the entity	N/A
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving department	Weekly performance / expenditure review meetings. Quarterly performance review meetings

7. DONOR FUNDS

7.1. Donor Funds Received

No donor funds were received during the year under review.

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

Infrastructure projects	2015/2016			2014/2015		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	12,500	6,170	6,330	64,459	67,455	(2,996)
Existing infrastructure assets	-	-	-	-	39,466	(39,466)
Upgrades and additions	-	-	-	-	-	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	39,466	(39,466)
Infrastructure transfer	148,741	163,053	(14,312)	44,261	77,468	(33,207)
Current	-	-	-	-	20,000	(20,000)
Capital	148,741	163,053	(14,312)	44,261	57,468	(13,207)
Infrastructure: Leases	21,390	20,839	551	-	-	-
Total	182,631	190,062	(7,431)	108,720	184,389	(75,669)



PART C:
GOVERNANCE

1. INTRODUCTION

To maintain the highest standards of governance the leadership team has committed themselves in striving to conform to the governance principles as enshrined in the King Code of Governance for South Africa. To meet these standards and principles, the department has constituted the following Governance Structures:

- A Top Management Team as Executive Structure which determines the strategic and leadership goals towards the Department;
 - An Enterprise Risk Management Committee
 - An Audit Committee providing independent oversight over governance, risk management and control processes of the Department;
 - A shared Internal Audit function providing independent assurance that controls are in place to manage and mitigate risks, and that they are adequate and functioning effectively;
 - A number of committees that assist the Accounting Officer and Top Management Team in governing the business of the Department in a fair, responsible and transparent manner.
- Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the department has good governance structures in place to effectively, efficiently and economically utilize the state resources, which is funded by the tax payer.

2. RISK MANAGEMENT

Risk Management remains a dynamic and challenging focus for the Department to stay on top of emerging risks that arise from changes to the external environment and strategic changes within the Department. One of the main tasks of the Department is to assess whether the Department is adopting the right strategy, acting in accordance with the expectations of stakeholders and assessing whether it is able to identify and manage all risks, impeding service delivery. To assist the department, achieve this, a risk management policy is in place. The Provincial Risk Management Framework has been adopted by the Department to assist in ensuring the risk strategies are coherently managed.

The Department of Human Settlements has established an Enterprise Risk Management Committee to assist the Accounting Officer in executing her respective responsibilities concerned with risk management. The committee comprises of top management of the Department.

This enables the Department to deliver on its Departmental goals, objectives and key performance indicators, enhance risk informed decision making and optimise compliance with applicable legislation. It further outlines the roles and responsibilities of managers and staff in embedding risk management in the Department and defines the enabling legislation, standards, mechanisms, tools and resources to be used to realise the Enterprise Risk Management plan.

Another initiative the Department is entering into is the E-Procurement System, which is an initiative driven by Provincial Treasury. This system has been designed to address the various risks associated with the Supply Chain Management (SCM) processes with the aim of streamlining these SCM processes, which will include the rotation of suppliers and also locking down of responses from suppliers in the tendering processes. At least two people within each business unit in the Department were trained when E-procurement workshops were held during February 2016.

A managed antivirus solution is in place. In addition, unsolicited emails are identified and quarantined by Mimecast, an emailing archiving system that has been implemented.

The Department will be implementing an Intrusion detection and prevention system in the 2016/17 financial year, which has been included in the Departmental Information Technology Strategic Plan.

3. FRAUD AND CORRUPTION

The Department has an approved Fraud Prevention Plan, which includes the following appendices, namely the Code of Conduct and Business Ethics, Disciplinary Code and Procedures, Fraud Policy and Response Plan, Whistle Blowing Policy, Gift Policy and Matrix of responsibilities. This plan was reviewed during the financial year and has been published on the Departmental website as an awareness strategy and also contributing to the enhancement of our commitment to zero tolerance of fraud, corruption and maladministration of public funds. The Department recently held a Fraud Risk Workshop which has identified fraud risks that are included in the department risk register.

The drive of the Department related to Information Technology which forms an integral part of the operations within the organisation on systems has been successful. The Department has sustained controls in the IT environment related to the various transversal systems and the access to these systems via the Desktop application.

The five-minute lock enable has been scripted into the active directory access to prevent users leaving their computer equipment unattended and prone to access by other officials. Password penetrations tests are conducted by IT and user awareness training around security of passwords are conducted.

Recently the Department has moved into an electronic system of leave, which is proving to be an automatic success in the management of leave within all business units of the organisation. Another drive of the Department has been the move to stabilise the Departments resources related to ever growing use of smart devices as a work tool and a labour saving device in meeting the objectives of the organisation in an efficient, effective and economical manner. These devices have been assessed based on the security risk that the department may be prone to, since they are access the IT platform and architecture of the business end of the organisation. The Department has developed a policy on "Mobile Devices Management (MDM) and are rolling out an initiative on all smart devices accessing the IT environment of the Department. This initiative will significantly reduce the security data risk that the Department may be prone to.

4. MINIMISING CONFLICT OF INTEREST

The Department has appointed an “Ethic Champion” to assist in the management of ethical conduct in the workplace. The Department has embarked on completing all financial disclosure forms for all Senior Management Services employees, via the “eDisclosure” system managed through the Department of Public Service Administration. All financial disclosure forms are signed off by the appointed Ethics Officer and thereafter submitted for sign-off by the Executive Authority prior to being sent off to the Department of Public Service Administration. In order to ensure and maintain transparency in the delivery of services, the department has ensured that employee’s complete declaration registers as a policy directive during all Committee meetings. Based on the assessment of financial disclosure forms, all deviations are followed up to conclusion.

Gift registers are completed on a quarterly basis by all business units related to declaration of gifts received. The Departmental gift register is disclosed in the interim and annual financial statements.

The Department in its recruitment process is vetting all successful appointees related to their qualifications and conducting competency assessments where required. Each new employee is also required to complete a Candidate Declaration Form as prescribed.

5. CODE OF CONDUCT

The Code of Conduct is an important pillar in the establishment of good governance and ethical conduct of public servants. The Department of Human Settlements adheres to and is bound by the Public Service Code of Conduct. A copy of this code of conduct was issued to all new employees of the Department. Workshops on the Code of Conduct have also been held to ensure an understanding of the content of the document.

Where employees were found to be deviating from the provisions of the code of conduct the department instituted disciplinary action.

The business code and ethics policy remain an integral part of the fraud prevention plan as an appendix. This policy ensures the maintenance of high values and ethical conduct in the business environment. This policy has been published on the departmental website as part of the implementation plan. In enhancing the code of conduct, a gift policy has been approved and business units report on a quarterly basis on a standardised template on all gifts received and approved for acceptance. Any form of unethical behaviour reported is investigated and appropriate action is taken on reported findings.

During the financial year an employee was dismissed related to financial misconduct.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

As prescribed in the Occupational Health and Safety Act 85 of 1993 and the Departmental Occupational Health and Safety Policy dated 26 February 2015 the Accounting Officer during the period under review achieved the following:

- OHS Committee met regularly to address OHS matters. During the period under review eight (8) OHS Committee meetings were held.
- Quarterly Fire Evacuation Drills were conducted throughout the department at Head Office, Regional Offices and the District Offices, in total twenty (23) drills were conducted.
- Workplace injuries and illnesses and dangerous occurrences were recorded and reported to relevant authorities in line with required OHS legislation two (2) cases were reported to the Compensation Commissioner. The Compensation Commissioner has not yet accepted liability, therefore the claims have not yet been processed.
- Improvement has been attained in ensuring facilities and amenities in the workplace conform to relevant OHS legislation and regulations e.g. safety signs, including regulatory, hazard, emergency information and fire signs, meet regulatory requirements and are displayed as required.

The Department was less effective in the following areas:

- The absence of an OHS qualified personnel (OHS Officer) to perform the function of OHS within the Department however, various OHS-related roles and responsibilities have been assigned to the Facilities Staff, Employee Wellness Staff, OHS Committee members and OHS representatives.
- Tracking, monitoring and communicating OHS Legislative changes requirements.
- Hazard identification and record keeping was not in accordance with OHS hazard identification process.

7. PORTFOLIO COMMITTEES

Finance Portfolio Committee

- A meeting on the 24th March 2016 was held to evaluate the 2016/17 budget submission.
- There were no resolutions tabled during the 2015/16 financial year.

Human Settlements Portfolio Committee

Resolution No.	Subject	Resolutions	Response by the Department
11 August 2015	Gogo Khumalo matter – Ulundi	The Department to provide regular progress reports until the matter is finalised.	The subsidy was approved and the house to be built in 2016/17 financial year.
	Mama Mantengu – Hluhluwe	The Department to also provide regular progress reports on request for housing assistance until the matter is finalised.	The house was completed in September 2015 and the Committee was advised accordingly.
	Progress Report on Social and Economic Amenities in the Province	The Department is to provide regular updates.	The Department provides non-financial performance reports on a quarterly basis.
16 February 2016	Military Veterans Housing Programme	The Department to submit the list of beneficiaries of this programme to the Portfolio Committee.	The beneficiary list was provided to the Committee.
	Umtshezi Hostel	The Department to provide a full report by 30 March 2016.	The report was submitted to Portfolio Committee.
	Report on Slow Moving Projects	The department to report on the matter by 30 March 2016.	The report was provided to the Committee.
	Delivery of Slums Clearance	The Department to provide a list of the slums and progress thereof by 30 March 2016.	The Department presented the requested report to the Committee.
	Infrastructure Allocation for 2016/17 and outer years	The Committee advised the Department to reconsider the social aspects of the District municipality rather than the economic.	The Department took this into consideration when compiling the business plan for 2016/17.
	Accreditation of Rural Municipalities	The Department to provide a report on the accreditation process regarding rural municipalities in 2015/16.	The report was tabled to the Portfolio Committee.
	Operation Sukuma Sakhe	The Department of Human Settlements to reprioritize the budget allocation to factor in these special projects.	The OSS cases are prioritised and factored into the business plans pending budget availability.
	Rectification Programme	The Portfolio Committee advised the Department to reconsider the finalization of the projects already in the pipeline to avoid unnecessary conflicts between citizens and government.	The Department is undertaking the rehabilitation of Pre and Post 1994 housing projects pending availability of funds.

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Response by the Department	Action taken	Resolved (Yes / No)																		
130/2015	Non-payment of service providers within 30 days	<p>a) All payables as at 31 March 2015 were paid in April 2016. No interest was incurred on these as the department had engaged with the service providers on the reasons for non-payment, i.e. the department did not have adequate funds to settle the outstanding invoices.</p> <p>b) The department has developed and implemented a manual invoice tracking register as from June 2015. This has enabled the department to monitor invoices submitted for payment and ensure that they are paid within 30 days. As a result, compliance in the current financial year (2015/16) has improved as indicated by the table below:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>% Compliance</th> </tr> </thead> <tbody> <tr> <td>April 2015</td> <td>59%</td> </tr> <tr> <td>May 2015</td> <td>83%</td> </tr> <tr> <td>June 2015</td> <td>88%</td> </tr> <tr> <td>July 2015</td> <td>93%</td> </tr> <tr> <td>August 2015</td> <td>99%</td> </tr> <tr> <td>September 2015</td> <td>100%</td> </tr> <tr> <td>October 2015</td> <td>99%</td> </tr> <tr> <td>November 2015</td> <td>100%</td> </tr> </tbody> </table>	Month	% Compliance	April 2015	59%	May 2015	83%	June 2015	88%	July 2015	93%	August 2015	99%	September 2015	100%	October 2015	99%	November 2015	100%	Letters of non-compliance have been issued to Responsibility and Programme Managers who have allowed invoices owed to exceed the 30-day payment period. This has been implemented by the Department since May 2015. As indicated by the statistics compliance has improved. It must, however, be noted that non-compliance has mainly been as a result of inadequate funding to deal with the challenge of backlogs in terms of housing delivery within the province.	No
Month	% Compliance																					
April 2015	59%																					
May 2015	83%																					
June 2015	88%																					
July 2015	93%																					
August 2015	99%																					
September 2015	100%																					
October 2015	99%																					
November 2015	100%																					

Resolution No.	Subject	Response by the Department	Action taken	Resolved (Yes / No)								
		<table border="1" data-bbox="571 353 954 728"> <tr> <td data-bbox="571 353 758 448">December 2015</td> <td data-bbox="758 353 954 448">100%</td> </tr> <tr> <td data-bbox="571 448 758 542">January 2016</td> <td data-bbox="758 448 954 542">96.35</td> </tr> <tr> <td data-bbox="571 542 758 636">February 2016</td> <td data-bbox="758 542 954 636">99.8%</td> </tr> <tr> <td data-bbox="571 636 758 728">March 2016</td> <td data-bbox="758 636 954 728">100%</td> </tr> </table> <p data-bbox="571 784 957 896">c) Reasons are on file for all invoices which could not be paid within the stipulated period.</p> <p data-bbox="571 974 957 1232">d) The department has also developed an electronic invoice tracking register to be implemented in June 2016. This tool will also assist management in monitoring compliance and ensuring that invoices are paid within 30 days.</p> <p data-bbox="571 1310 957 1568">e) The Department applied for funds both provincially and nationally and total additional funding of R538 million was appropriated within the 2015/16 financial year. This assisted in alleviating the financial constraints within the Department.</p>	December 2015	100%	January 2016	96.35	February 2016	99.8%	March 2016	100%		
December 2015	100%											
January 2016	96.35											
February 2016	99.8%											
March 2016	100%											
131/2015	Supply chain management - (payment of suppliers whose directors are also in the employ of the state)	The department of Human Settlements now verifies the company directors' identity numbers appearing on the CIPC documents against the Persal system and DPSA has also provided a system that is able to verify the government employees. The shortcoming on both systems is that they cannot identify government employees employed by the Municipalities and the South	Two officials from SCM have been granted access to PERSAL System so that they can verify the directors of each and every bid or quotation received. The Central Suppliers Database was implemented in May 2016. The database	Yes								

Resolution No.	Subject	Response by the Department	Action taken	Resolved (Yes / No)
		<p>African Defence Force.</p> <p>National Treasury has developed a Central Supplier Database that is able to eliminate companies owned by state employees in government spheres and from the 1st of April 2016 all government departments will be using the Central Database to source bidders and thus this problem will be permanently eradicated.</p> <p>The officials that were found to be doing business with our department were reported to the Accounting Officers of their departments and a request was made that appropriate disciplinary measures be taken against those employees. This matter was also brought to the attention of Provincial Treasury who is the custodian of the database that the department is utilising.</p>	<p>verifies all information at the time of registration if the service provider is a government employee the system will automatically reject.</p>	
150/2015	Transversal Resolution: Irregular expenditure, non-compliance with supply chain management processes			Yes
	What disciplinary steps have been taken for financial misconduct against those officials responsible for the irregular expenditure	<p>a) No disciplinary action has been taken against any official as the Department is awaiting the outcome of an investigation being undertaken by the Hawks.</p> <p>b) Payments that were made against long term contracts to the value of R 413,501 million were declared as irregular by the AG.</p> <p>c) Treasury is assisting with the balance of the irregular expenditure that is not under investigation: - 3 quotes not obtained (R 207, 000) and acting for a period longer than</p>	<p>Supply Chain has compiled a spreadsheet which is used to closely monitor the contracts as there is no electronic system at the present moment. A report of all contracts that will expire in the next 6 months is sent to all end users on a monthly basis. This report reminds end-users to start to initiate the procurement process if they still require the services. This has reduced the extended</p>	

Resolution No.	Subject	Response by the Department	Action taken	Resolved (Yes / No)
		6 months (R 92, 000).	contracts. The SCM Turn Around Times have been included in the SCM policy so as to ensure that end users are aware of the time required when procuring goods and services.	
	Recovery of money from those responsible in cases where it has been determined in consultation with Provincial Treasury that further investigation and disciplinary action is required.	Awaiting outcome of investigations.		
	If no disciplinary steps can be taken, the Accounting Officer or Accounting Authority must provide reasons for this.	Awaiting outcome of investigation.		
	What measures are being put in place to ensure that irregular expenditure is properly disclosed in the Annual Financial Statements and not left to the Auditor-General to detect during the audit process	<ul style="list-style-type: none"> a) All requests are forwarded to SCM, ensuring that all SCM processes are complied with. b) In a situation where there is a deviation; approval is sought for the said deviation prior to the order being issued. c) The department maintains a deviation register and all deviations are recorded in the said register. d) If the deviation was sought after the issuing of the order, only then will the said deviation will be recorded in the AFS. 		
151/2015	Transversal Resolution: Fruitless and wasteful	The fruitless and wasteful expenditure amounted to R702. This related to interest on an overdue account, namely, rates		Yes

Resolution No.	Subject	Response by the Department	Action taken	Resolved (Yes / No)
	expenditure The reasons for the fruitless and wasteful expenditure being incurred in the 2014/2015 financial year	payments.		
	Action taken against those officials responsible for incurring the fruitless and wasteful expenditure.	No action was taken against any official, it related to rates payments that were queried with the municipality.		
	Recovery of money from those responsible.	No fault of the said official.		
	Measures put in place to ensure that fruitless and wasteful expenditure does not occur in future.	Every endeavour is being made to pay all creditors within the 30-day period. With the municipalities, their systems automatically generate the interest and the Department is responsible for the payment thereof.		
152/2015	Findings of Auditor General on Information Technology Progress that has been made in the Province to adapt and implement the national IT Governance Framework which was approved by DPSA	The Department has developed (approved 31 March 2014) and implemented the ICT Governance Framework as per the DPSA requirements. The framework has undergone a review and was updated in September 2015.	The ICT Governance Framework is being fully implemented with regular reporting to ICT Steering Committee and MANCO.	Yes
	The provision in the framework that address IT Governance, security	Process including roles and responsibilities in the respective areas are documented in the Governance Framework. In addition, there is an approved user	The Department is fully compliant with the requirements of ICT Governance and regular monitoring and reporting	

Resolution No.	Subject	Response by the Department	Action taken	Resolved (Yes / No)
	management, user access management and service continuity and how these will be addressed in order to resolve the ongoing issues on IT.	account management procure that has been implemented. Regular reporting and compliance reviews ensure that the policies and procedures are effectively implemented.	takes place.	
	The plan for support and training to be provided to departments to implement the framework	The Department have IT officials that are fully competent in the implementation of the Framework and are not reliant on the Office of the Premier for training and support.		
	How the province will address the lack of strategic plan for purchase of IT systems in all departments	As a Department, procurement of systems is in terms of the approved IT Strategy (GWEA) which is updated and approved annually. In addition, the IT Operational and procurement plans are aligned to the IT Strategic Plan. Formal business cases are presented for each system that needs to be procured to the ICT steering committee for approval before acquisition.		
153/2015	Transversal Resolution: HR Vacancies Filling of Senior Posts	Funded posts have been filled and the Department is currently reviewing the organisational structure.	Progress to be submitted to the Committee.	No (awaiting review of structure)
	Post of General Manager Human Capital and General Manager Corporate Services	These posts are affected by current restructuring therefore they cannot be filled at this stage.	None, until the structure is finalized.	
	General Manager: Property Management	No suitable candidate was found after interviews were conducted. A head hunting exercise was undertaken.	The head hunting process has been finalised and the suitable candidate has been offered this post and will commence duty on 1	

Resolution No.	Subject	Response by the Department	Action taken	Resolved (Yes / No)
			June 2016.	
154/2015	Transversal Resolution: Material Misstatements	<p>a) Prior to preparation of the AFS, letters are issued to Management requesting information in this regard;</p> <p>b) These pertinent issues are also discussed at weekly Top Management Team meetings and monthly MANCO meetings;</p> <p>c) The Accounting Officer approves the information disclosed; and</p> <p>d) The AFS and working paper files are reviewed by the CFO prior to submission.</p>		Yes
155/2015	Transversal Resolution: SCM Management (failure of suppliers to disclose employment by the state)	<p>The Department of Human Settlements now verifies the company directors' identity numbers appearing on the CIPC documents against the Persal system and DPSA has also provided a system that is able to verify the government employees. The shortcoming on both systems is that they cannot identify government employees employed by the Municipalities and the South African Defence Force.</p> <p>National Treasury has developed a Central Supplier Database that is able to eliminate companies owned by state employees in government spheres and from the 1st of April 2016 all government departments will be using the Central Database to source bidders and thus this problem will be permanently eradicated.</p> <p>The officials that were found to be doing business with our department were reported to the Accounting Officers of their departments and a request was made that appropriate disciplinary measures be taken against those employees. This matter was also brought to the attention of Provincial Treasury who is the custodian of the database that the</p>		Yes

Resolution No.	Subject	Response by the Department	Action taken	Resolved (Yes / No)
		department is utilising.		
156/2015	Transversal Resolution: Asset register Departmental Asset management policy which will address weaknesses identified by the auditor general.	Movable Asset Management Policy approved on 26 th March 2014 is in place.	On-going review and implementation of the policy. The Movable Asset policy was reviewed, amended and approved in February 2016.	No
	The completeness of the Department's fixed assets register	The Department has a movable asset management register (Hardcat) which is updated regularly in terms of the departmental policy.	Movable asset register is done electronically through the Hardcat system which is functioning efficiently. Reconciliations are done on a monthly basis and submitted to the CFO for approval.	
	What action will be taken against those who do not comply with the policy	Officials who are not in compliance with the Departmental Asset Management Policy are required to submit reports to the Loss Control unit and thereafter the process of disciplinary action will be enforced after the Loss Control Committee evaluates the case.	Constant Monitoring and annual verifications are conducted.	
157/2015	Transversal Resolution: Performance agreements	The Head of Department and all Senior Managers signed Performance agreements in accordance with the SMS handbook. All performance agreements clearly set out the consequences for non-performance and under-performance on responsibilities set out in the agreements and financial mismanagement and the sanctions which will be imposed in the event of non-performance, under-performance or financial mismanagement.	Performance of all SMS employees is monitored bi-annually.	Yes

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Addressed in SCOPA resolutions.

10. INTERNAL AUDIT AND AUDIT COMMITTEE REPORT

The Department's internal audit requirements are and have been serviced by Provincial Treasury's "Provincial Internal Audit Service" (PIAS), a function that was set up under sections 38 (1)(a)(i) and 76 (4)(e) of the PFMA, and mandated in terms of paragraph 3.2.3 of the Treasury Regulations.

The strategic objective of Provincial Treasury is to provide an independent and objective assurance and consulting service designed to add value and improve the KwaZulu-Natal Provincial Administration operations through evaluations of the systems of internal control, risk management and corporate governance processes.

The PIAS consists of two sub-programmes, namely Assurance Services that is responsible for conducting internal audit assignments in terms of the identified risk areas as per the attached plan; and the Risk & Advisory Services that provides risk management support, consulting services as well as conducting forensic investigations.

Although investigating fraud and other irregularities are not the primary focus of internal audit's approach, a close liaison with management of Human Settlements is maintained should such issues be identified. These cases are then referred accordingly for forensic auditing.

The PFMA requires provincial government departments and public entities to establish a system of risk management and internal control and to ensure that risk assessments are conducted regularly to identify emerging risks within the departments therefore Provincial Treasury provides support in managing this process.

Based on the annual internal audit plan for the financial year as approved by the Cluster Risk and Audit Committee, all major assignments were completed. One assignment being a transversal audit has been carried over into the new financial year. All findings emanating from these reports were translated into an audit log to follow-up on agreed action plans related to these findings. Quarterly reporting on the audit log was tabled to the Cluster Risk and Audit Committee.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
P. Christianson	CA(SA)	External	Not Applicable	February 2015	Not applicable	4
T. Mozela	B. Com; BCompt Hons; MBA; CIA; CCSA & CRMA	External	Not Applicable	February 2015	Not applicable	4
D. O' Connor	CA(SA)	External	Not Applicable	February 2015	Not applicable	4

REPORT OF THE AUDIT & RISK COMMITTEE ON VOTE 8 – DEPARTMENT OF HUMAN SETTLEMENTS

1. Objective and responsibility of the Audit and Risk Committee

The Provincial Audit and Risk Committee (PARC) is the shared audit and risk committee for the provincial departments, and is further sub-divided into three Cluster Audit and Risk Committees (CARC's) that provide oversight of key functions to the KZN Provincial Government Departments. The Department of Human Settlements is served by the Social Cluster Audit & Risk Committee.

The PARC is primarily responsible for reviewing the following:

- (a) the effectiveness of the internal control systems;
- (b) the activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations
- (c) the risks associated with the Department's operations covered in the scope of internal and external audits;
- (d) the adequacy, reliability and accuracy of the financial and performance information provided to management and other users of such information;
- (e) any accounting and auditing concerns identified as a result of internal and external audits;
- (f) the effectiveness of strategies, policies and procedures to prevent and detect fraud and corruption; and
- (g) the institution's compliance with legal and regulatory provisions.

The Committee reports that it has discharged all of its responsibilities in compliance with the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations 3.1, including all other related prescripts, that it has adopted appropriate formal terms of reference contained in its Audit and Risk Committee Charter. The Committee is pleased to present its report for the financial year ended 31 March 2016.

2. Audit Committee Members and Attendance

The PARC was appointed on 23 February 2015. During the financial year under review, certain terms and conditions of the member's appointment were amended and the contracts of five members were renewed effective from the 30th of October 2015.

The table below outlines the PARC and Social CARC meetings held and attendance thereof by members during the reporting period.

#	Name of Member	PARC Meetings Attended	Social CARC Meetings Attended	Special Meetings
1.	Mr P Christianson (Acting Chairman of Social CARC)	3	4	2
2.	Mr D O'Connor	3	4	2
3.	Ms T Njozela	2	4	2
4.	Mr S Simelane(Acting Chairman of PARC)	3	N/A	N/A
5.	Mr V Ramphal	3	N/A	N/A

3. The Effectiveness of Internal Control

The Committee has reviewed the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and Management Report of the Auditor General of South Africa (AGSA) and has noted with concern, the weaknesses in controls around the following areas:

- Transfer Payments
- Transferring of Title Deeds – Old and Post Stock (Pre 1994 and New Stock – Vote)
- Performance Information
- Procurement and Contract Management
- Payments of Suppliers
- Irregular Expenditure
- Supply Chain Management

Risk Management

The Committee has, as defined in its Charter, adequately provided oversight on management's processes of identifying and monitoring business risks. For the period under review, the committee's responsibilities have been focused, among other things, on the quarterly review of the department's risk register and progress made by the department with regard to implementation of risk mitigation plans. The Department has constantly been advised about best practices to consider in order to improve the management of key business risks and opportunities.

As at the end of this financial year, the department's risk register status was as follows:

	Risk Grouping					
	Critical	Major	Moderate	Minor	Insignificant	
Number of risks identified	3	21	13	8	1	46
Number action Plans Identified	11	44	34	11	1	101
Number of action plans completed	5	43	34	11	1	94

Although the Committee is pleased with the department's progress with regard to implementation of risk mitigation plans, the Committee has been concerned with the department's failure to review and update its risk register on a quarterly basis. The department is, therefore, urged to treat the risk register as a dynamic document which should be reviewed and updated continuously to include emerging risks, and risk that has materialized. Furthermore, the department was urged to improve its risk management systems and procedures to ensure the linkage to department's business strategy (encompassing its vision, mission and objectives), its operational imperatives and philosophies, policies plans and initiatives with positive impact on service delivery.

5. Forensics Investigations

During the period under review, the Committee noted that there were seven (7) forensic investigations, all relating to alleged procurement irregularities, which the department has referred to the Provincial Internal Audit Services for investigation. Five (5) of these investigations were completed and two (2) are in-progress. The Committee further noted that two (2) matters are currently under criminal investigation by the South African Police Service (SAPS).

The department and the Provincial Internal Audit Service are urged to promptly finalize the outstanding investigations, and work together to implement recommendations on the finalised investigation.

6. Quality of in year management and monthly/quarterly reports

The Committee was satisfied with the content and quality of quarterly reports in respect of in year management and quarterly performance reports submitted in terms of the PFMA and the Division of Revenue Act prepared and issued by the Accounting Officer of the Department during the year under view.

Based on the reports of the Internal Auditors and the Auditor General, the Committee notes with concern the deficiencies identified in the achievement of planned targets for the reported performance information. The management of the department has been urged to implement the appropriate improvement strategies in order to address the identified shortcomings with immediate effect.

7. Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the department.

The Committee has:

- Reviewed and discussed the Annual Financial Statements with the Accounting Officer, Auditor General and Internal Audit;
- Reviewed the Auditor General's Audit Report;
- Reviewed the Department's processes for compliance with legal and regulatory provisions. Concerns have been noted around achievement of planned targets of the reported performance information, procurement and contract management, failure to pay suppliers within 30 days and failure to prevent irregular expenditure as a result of non-compliance to supply chain management prescripts.
- Reviewed the conclusion on the reliability of performance information resulting from the audit of the Department. We note with concern that the significantly important targets were not achieved as planned.

8. Internal Audit

In line with the PFMA and the King III Report on Corporate Governance, the Internal Audit Function is required to provide the Audit & Risk Committee, as well as Management, with reasonable assurance on the adequacy and effectiveness of internal controls. This is primarily achieved through the implementation of a risk based Internal Audit plan. The Committee has, through the CARC monitoring processes, considered internal audit reports at its quarterly meetings detailing the assessment of the adequacy and effectiveness of controls designed to mitigate the risks associated with operational and strategic activities of the department. The Committee also considered the appropriateness of the corrective actions proposed by management to improve the control environment.

The Committee has noted with concern, imposed financial and other limitations place upon Internal Audit during the year under review. During the forthcoming financial year, the Committee will continue to monitor the progress made by the Internal Audit Function in resolving any potential budgetary or operational difficulties in order to ensure that it fulfils its mandate and continues to add value to the department.

9. Auditor-General's Report

The Committee has monitored the implementation of corrective action plans to address the audit issues raised by the Auditor General in the prior financial year. Furthermore, the Committee has met with the Auditor General of South Africa to discuss and evaluate the major issues that emanated from the current regulatory audit.

The Committee will ensure that corrective actions in respect of the detailed findings emanating from the current regulatory audit continue to be monitored on a quarterly basis through the CARC processes.

The Committee notes the Auditor General's qualified opinion on the Annual Financial Statements, and proposes that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor General.

10. Appreciation

The Committee wishes to express its appreciation to the Management of the Department, the Auditor General of South Africa, and the Provincial Internal Audit Services for the co-operation and support they have provided to enable us to compile this report.



Mr S Simelane
Acting Chairman: Provincial Audit and Risk Committee
11 August 2016



PART D:
**HUMAN RESOURCE
MANAGEMENT**

1. INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for public service and administration for all departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

The Department's mandate is based on Outcome 8 of the Government's Programme of Action which seeks to provide sustainable human settlements and improved quality of life. As such, human resources form an integral part in the realisation of this initiative.

The Department is currently still utilising its staff structure that was approved in 2008. However, the process to restructure to align the Organisational Structure to National Mandates and Provincial Government Priorities is near completion and it is anticipated that will support the core business to achieve the strategic objectives of the Department. The aim is also to align to the Generic Functional Sector Structures for the Core, Corporate and Finance. Budget cuts on the equitable share and stringent cost cutting measures has however also resulted in further realignments having to be undertaken which had further delayed the process.

The appointment of suitably qualified employees with the relevant technical skills using OPSCAP funding has in the interim greatly improved service delivery and also closed the gap of scarce skills as identified by the Department. In addition, the continued decentralisation of functions and deployment of to the district municipalities has also facilitated service delivery.

In terms of the Transformational Prolife of the Department as per the National Cabinet approval, a 50% equity target for women at senior managerial level and an employment level of 2% for people with disabilities needs to be achieve. As at March 2016, this Department has achieved 52% equity target for women at senior managerial level and 1.97% employment level for people with disabilities. The total staff composition appointed on PERSAL in terms of Race, Gender, Disabled and Vacant posts per Salary Level is illustrated hereunder:

HUMAN RESOURCES																				ESTABLISHMENT														
POST/ SALARY LEVEL	AFRICAN				COLOURED				INDIAN				WHITE				TOTAL			TOTAL	Employees with a disability	No. of VACANT Posts	Total No. of Posts	% VACANT Posts										
	FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE	MALE																
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%																
01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
02	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
03	37	36	57	54	0	0	4	4	1	1	5	5	0	0	1	1	38	38	87	84	105	1	3	108	3									
04	7	29	16	67	0	0	1	4	0	0	0	0	0	0	0	0	7	29	17	71	24	1	1	25	4									
05	28	53	20	38	0	0	3	8	0	0	2	4	0	0	0	0	28	53	25	47	53	2	2	55	4									
06	24	83	13	34	0	0	1	3	0	0	0	0	0	0	0	0	24	83	14	37	38	2	0	38	0									
07	67	52	43	34	4	3	0	0	6	5	5	4	2	2	1	1	79	62	49	38	128	3	8	136	6									
08	73	41	51	28	6	3	4	2	8	4	22	12	10	6	6	3	97	54	83	46	180	4	7	187	4									
09	17	57	9	30	0	0	0	0	2	7	2	7	0	0	0	0	19	63	11	37	30	0	2	32	6									
10	31	24	61	47	1	1	4	3	7	5	18	14	3	2	5	4	42	32	88	88	130	2	8	138	6									
11	17	47	17	47	0	0	0	0	1	3	1	3	0	0	0	0	18	50	18	50	36	0	2	38	5									
12	18	32	23	40	1	2	3	5	6	11	5	9	0	0	1	2	25	44	32	56	57	0	5	62	6									
Sub-Tot	319	41	311	40	12	2	20	3	31	4	60	8	15	2	14	2	377	48	405	52	782	15	38	820	5									
13	9	39	8	35	1	4	0	0	2	9	2	9	0	0	1	4	12	52	11	48	23	1	3	28	12									
14	0	0	2	40	0	0	0	0	1	20	1	20	1	20	0	0	2	40	3	80	5	0	2	7	29									
15	0	0	1	50	0	0	0	0	1	50	0	0	0	0	0	0	1	50	1	50	2	0	0	2	0									
16	0	0	0	0	1	100	0	0	0	0	0	0	0	0	0	0	1	100	0	0	1	0	0	1	0									
Sub-Tot	9	29	11	35	2	6	0	0	4	13	3	10	1	3	1	3	16	52	15	48	31	1	5	36	14									
TOTAL	328	40	322	40	14	2	20	2	35	4	63	8	16	2	15	2	393	48	420	52	813	16	43	856	5									

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2015 and 31 March 2016

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	198,260	110,479	-	-	55.6	136
Housing Assets Management, Property Management	241,687	43,637	-	-	18.1	54
Housing Development	3,674,666	142,868	-	-	3.9	176
Housing Needs, Research & Planning	16,411	12,885	-	-	78.5	16
Total	4,131,025	309,869	-	-	7.5	381

Table 3.1.2 Personnel costs by salary band for the period 1 April 2015 and 31 March 2016

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	226	0.1	1	226,000
Skilled (level 3-5)	21,576	6.8	125	172,608
Highly skilled production (levels 6-8)	91,592	28.8	283	323,647
Highly skilled supervision (levels 9-12)	91,620	28.5	166	546,681
Senior and Top management (levels 13-16)	24,456	7.7	23	1,063,304
Contract (Level 1 – 2)	1,551	0.5	52	29,827
Contract (Level 3 – 5)	1,447	0.5	5	289,400
Contract (Level 6 – 8)	15,882	5	63	252,095
Contract (Level 9 – 12)	45,548	14.3	85	536,859
Contract (Level 13 – 16)	11,048	3.5	10	1,104,800
Periodical Remuneration	4,923	1.5	7	703,286
Total	309,869	97	820	376,827

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2015 and 31 March 2016

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	78,573	74.6	229	0.2	3,097	2.9	4,128	3.9
Housing Assets Management, Property Management	63,673	78.1	38	-	2,222	2.7	2,267	2.8
Housing Development	88,175	75.6	-	-	2,323	2	2,923	2.5
Housing Needs, Research & Planning	11,415	75.6	-	-	287	1.9	410	2.7
Total	24,1836	75.9	267	0.1	7,929	2.9	9,729	3.1

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2015 and 31 March 2016

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	152	67.3	-	-	14	6.2	17	7.5
Skilled (level 3-5)	15,023	69.4	49	0.2	1,507	7	1,405	6.5
Highly skilled production (levels 6-8)	66,586	72.3	123	0.1	3,250	3.5	4,718	5.1
Highly skilled supervision (levels 9-12)	68,115	71.9	94	0.1	1,937	2	2,867	3
Senior management (level 13-16)	19,400	74.5	-	-	702	2.7	477	1.8
Contract (Level 1 – 2)	1,551	99.7	-	-	-	-	-	-
Contract (Level 3 – 5)	1,446	99.4	-	-	-	-	-	-
Contract (Level 6 – 8)	15,865	99.7	-	-	-	-	-	-
Contract (Level 9 – 12)	44,109	91.4	-	-	212	0.4	206	0.4
Contract (Level 13 – 16)	9,589	82	-	-	309	2.6	40	0.3
Periodical Remuneration	-	-	-	-	-	-	-	-
Total	241,836	75.9	266	0.1	7,931	2.5	9,730	3.1

3.2. Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as at 31 March 2016

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	336	315	6.3	40
Housing Assets Management, Property Management	164	163	0.6	14
Housing Development	330	305	7.6	128
Housing Need, Research & Planning	34	30	11.8	1
Total	864	813	5.9	183

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2016

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	1	1	-	-
Skilled (3-5)	131	125	4.6	-
Highly skilled production (6-8)	299	283	5.4	-
Highly skilled supervision (9-12)	190	166	12.6	-
Senior management (13-16)	28	23	17.9	-
Contract (Level 1 – 2)	52	52	-	43
Contract (Level 3 – 5)	5	5	-	3
Contract (Level 6 – 8)	63	63	-	58
Contract (Level 9 – 12)	85	85	-	73
Contract (Level 13 – 16)	10	10	-	6
Total	864	813	5.9	183

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2016

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, Permanent	181	168	7.2	40
Agriculture related, Permanent	2	2	-	2
All artisans in the building metal machinery etc., Permanent	27	26	3.7	-
Architects town and traffic planners, Permanent	20	17	15	15
Artisan project and related superintendents, Permanent	1	1	-	-
Auxiliary and related workers, Permanent	3	3	-	-
Bus and heavy vehicle drivers, Permanent	1	1	-	-
Cartographic surveying and related technicians, Permanent	3	3	-	2
Civil engineering technicians, Permanent	6	6	-	6
Cleaners in offices workshops hospitals etc., Permanent	28	27	3.6	3
Client inform clerks (switchboard reception inform clerks), Permanent	6	5	16.7	-
Communication and information related, Permanent	5	5	-	-
Community development workers, Permanent	13	13	-	13
Computer system designers and analysts., Permanent	1	1	-	-
Engineering sciences related, Permanent	3	3	-	2
Engineers and related professionals, Permanent	28	27	3.6	21
Finance and economics related, Permanent	9	8	11.1	-
Financial and related professionals, Permanent	1	1	-	-
Financial clerks and credit controllers, Permanent	64	61	4.7	5
Food services aids and waiters, Permanent	1	1	-	-
General legal administration & rel. professionals, Permanent	1	1	-	-
Head of department/chief executive officer, Permanent	1	1	-	-
Human resources & organisational development & related professionals, permanent	16	14	12.5	-
Human resources clerks, Permanent	29	29	-	11
Human resources related, Permanent	20	17	15	-
Information technology related, Permanent	4	4	-	-
Inspectors of apprentices works and vehicles, Permanent	59	56	5.1	26

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Language practitioners interpreters & other commun, Permanent	1	1	-	-
Legal related, Permanent	6	5	16.7	2
Library mail and related clerks, Permanent	14	13	7.1	-
Light vehicle drivers, Permanent	13	13	-	-
Logistical support personnel, Permanent	4	3	25	-
Material-recording and transport clerks, Permanent	6	6	-	-
Messengers porters and deliverers, Permanent	3	3	-	-
Other administrative & related clerks and organisers, Permanent	90	86	4.4	26
Other administrative policy and related officers, Permanent	107	102	4.7	4
Other information technology personnel., Permanent	4	4	-	-
Quantity surveyors & related prof not class elsewhere, Permanent	4	4	-	2
Risk management and security services, Permanent	2	2	-	-
Secretaries & other keyboard operating clerks, Permanent	27	24	11.1	-
Senior managers, Permanent	23	19	17.4	3
Trade labourers, Permanent	27	27	-	-
Total	864	813	5.9	183

3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as at 31 March 2016

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	-	-	-	-	-
Salary Level 16	-	-	-	-	-
Salary Level 15	-	-	-	-	-
Salary Level 14	-	-	-	-	-
Salary Level 13	-	-	-	-	-
Total	-	-	-	-	-

Table 3.3.2 SMS post information as at 31 March 2016

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	3.12	-	-
Salary Level 16	-	-	-	-	-
Salary Level 15	2	2	6.25	-	-
Salary Level 14	5	5	15.63	-	-
Salary Level 13	24	24	75	-	-
Total	32	32	100	-	-

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2015 and 31 March 2016

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	3.12	-	-
Salary Level 16	-	-	-	-	-
Salary Level 15	2	2	6.25	-	-
Salary Level 14	5	5	15.63	-	-
Salary Level 13	24	24	75	-	-
Total	32	32	100	-	-

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2015 and 31 March 2016

Reasons for vacancies not advertised within six months
No funded vacant SMS posts during this period.

Reasons for vacancies not filled within six months
Not applicable.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2015 and 31 March 2016

Reasons for vacancies not advertised within six months
None.

Reasons for vacancies not filled within six months
Not applicable.

3.4. Job Evaluation

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2015 and 31 March 2016

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	1	-	-	-	-	-	-
Contract (Level 1 – 2)	52	-	-	-	-	-	-
Contract (Level 3 – 5)	5	-	-	-	-	-	-
Contract (Level 6 – 8)	63	-	-	-	-	-	-
Contract (Level 9 – 12)	85	-	-	-	-	-	-
Contract (Band A)	6	-	-	-	-	-	-
Contract (Band B)	3	-	-	-	-	-	-
Contract (Band D)	1	-	-	-	-	-	-
Skilled (Levels 3-5)	131	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	299	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	190	-	-	-	-	-	-
Senior Management Service Band A	22	-	-	-	-	-	-
Senior Management Service Band B	4	-	-	-	-	-	-
Senior Management Service Band C	2	-	-	-	-	-	-
Total	864	-	-	-	-	-	-

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2015 and 31 March 2016

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
Total	-	-	-	-	-

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2015 and 31 March 2016

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

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2015 and 31 March 2016

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
Total	-	-	-	-	-

Employees with a disability	-	-	-	-	-
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Total number of Employees whose salaries exceeded the grades determine by job evaluation	-
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3.5. Employment Changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2015 and 31 March 2016

Salary band	Number of employees at beginning of period - 1 April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	3	-	1	33.3
Skilled (Levels 3-5)	122	4	4	3.3
Highly skilled production (Levels 6-8)	277	6	11	4
Highly skilled supervision (Levels 9-12)	158	5	4	2.5
Senior Management Service Bands A	20	-	1	5
Senior Management Service Bands B	2	-	-	-
Senior Management Service Bands C	2	-	-	-
Contract (Level 1 – 2)	-	57	5	-
Contract (Level 3 – 5)	16	3	3	18.8
Contract (Level 6 – 8)	59	4	1	1.7
Contract (Level 9 – 12)	88	3	7	8
Contract (Band A)	6	-	-	-
Contract (Band B)	3	-	-	-
Contract (Band D)	1	-	-	-
Total	757	82	37	4.9

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2015 and 31 March 2016

Critical occupation	Number of employees at beginning of Period - 1 April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related, Permanent	141	23	9	6.4
Agriculture related, Permanent	2	-	-	-
All artisans in the building metal machinery etc., Permanent	20	-	-	-
Architects town and traffic planners, Permanent	15	1	-	-
Artisan project and related superintendents, Permanent	2	-	-	-
Auxiliary and related workers, Permanent	3	-	-	-
Bus and heavy vehicle drivers, Permanent	1	-	-	-
Cartographic surveying and related technicians, Permanent	1	2	-	-
Civil engineering technicians, Permanent	6	-	-	-
Cleaners in offices workshops hospitals etc., Permanent	28	-	2	7.1

Critical occupation	Number of employees at beginning of Period - 1 April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Client inform clerks (switchboard reception inform clerks), Permanent	5	-	-	-
Communication and information related, Permanent	3	-	-	-
Community development workers, Permanent	14	-	-	-
Computer system designers and analysts., Permanent	1	-	-	-
Engineering sciences related, Permanent	3	-	-	-
Engineers and related professionals, Permanent	26	-	-	-
Finance and economics related, Permanent	5	-	-	-
Financial and related professionals, Permanent	1	-	-	-
Financial clerks and credit controllers, Permanent	56	9	3	5.4
Food services aids and waiters, Permanent	1	-	-	-
General legal administration & rel. professionals, Permanent	1	-	-	-
Head of department/chief executive officer, Permanent	1	-	-	-
Human resources & organisational development & relate prof, permanent	16	-	1	6.3
Human resources clerks, Permanent	29	1	-	-
Human resources related, Permanent	15	3	2	13.3
Information technology related, Permanent	4	1	-	-
Inspectors of apprentices works and vehicles, Permanent	60	-	4	6.7
Language practitioners interpreters & other commun, Permanent	1	-	-	-
Legal related, Permanent	6	-	-	-
Library mail and related clerks, Permanent	14	-	1	7.1
Light vehicle drivers, Permanent	13	-	-	-
Logistical support personnel, Permanent	3	-	-	-
Material-recording and transport clerks, Permanent	7	-	-	-
Messengers porters and deliverers, Permanent	3	-	-	-
Other administrat & related clerks and organisers, Permanent	62	32	7	11.3
Other administrative policy and related officers,	97	5	3	3.1

Critical occupation	Number of employees at beginning of Period - 1 April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Permanent				
Other information technology personnel., Permanent	1	2	-	-
Quantity surveyors & rela prof not class elsewhere, Permanent	5	-	1	20
Risk management and security services, Permanent	2	-	-	-
Secretaries & other keyboard operating clerks, Permanent	22	2	2	9.1
Senior managers, Permanent	27	-	1	3.7
Trade labourers, Permanent	34	-	1	2.9
Total	757	82	37	4.9

Table 3.5.3 Reasons why staff left the department for the period 1 April 2015 and 31 March 2016

Termination Type	Number	% of Total Resignations
Death	6	16.2
Resignation	16	43.2
Expiry of contract	8	21.6
Dismissal – misconduct	2	5.4
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	5	13.5
Transfer to other Public Service Departments	-	-
Other	-	-
Total	37	100
Total number of employees who left as a % of total employment		4.9

Table 3.5.4 Promotions by critical occupation for the period 1 April 2015 and 31 March 2016

Occupation	Employees 1 April 2015	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related, Permanent	141	4	2.8	91	64.5
Agriculture related, Permanent	2	-	-	-	-
All artisans in the building metal machinery etc., Permanent	20	-	-	20	100
Architects town and traffic planners, Permanent	15	-	-	4	26.7

Occupation	Employees 1 April 2015	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progres sions to another notch within a salary level	Notch progression as a % of employees by occupation
Artisan project and related superintendents, Permanent	2	-	-	-	-
Auxiliary and related workers, Permanent	3	-	-	3	100
Bus and heavy vehicle drivers, Permanent	1	-	-	1	100
Cartographic surveying and related technicians, Permanent	1	-	-	1	100
Civil engineering technicians, Permanent	6	-	-	-	-
Cleaners in offices workshops hospitals etc., Permanent	28	-	-	18	64.3
Client inform clerks(switchb receipt inform clerks), Permanent	5	1	2	3	60
Communication and information related, Permanent	3	-	-	2	66.7
Community development workers, Permanent	14	-	-	1	7.1
Computer system designers and analysts., Permanent	1	-	-	1	100
Engineering sciences related, Permanent	3	-	-	1	33.3
Engineers and related professionals, Permanent	26	-	-	5	19.2
Finance and economics related, Permanent	5	2	4	4	80
Financial and related professionals, Permanent	1	-	-	1	100
Financial clerks and credit controllers, Permanent	56	-	-	36	64.3
Food services aids and waiters, Permanent	1	-	-	1	100
General legal administration & rel. professionals, Permanent	1	-	-	-	-
Head of department/chief executive officer, Permanent	1	-	-	-	-
Human resources & organisat developm & relate prof, permanent	16	-	-	13	81.3
Human resources clerks, Permanent	29	-	-	8	27.6
Human resources related, Permanent	15	3	2	9	60

Occupation	Employees 1 April 2015	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progres sions to another notch within a salary level	Notch progression as a % of employees by occupation
Information technology related, Permanent	4	-	-	2	50
Inspectors of apprentices works and vehicles, Permanent	60	-	-	16	26.7
Language practitioner's interpreters & other commun, Permanent	1	-	-	1	100
Legal related, Permanent	6	-	-	3	50
Library mail and related clerks, Permanent	14	-	-	100	71.4
Light vehicle drivers, Permanent	13	-	-	11	84.6
Logistical support personnel, Permanent	3	-	-	2	66.7
Material-recording and transport clerks, Permanent	7	-	-	3	42.9
Messengers porters and deliverers, Permanent	3	-	-	3	100
Other administrat & related clerks and organisers, Permanent	62	5	8.1	44	71
Other administrative policy and related officers, Permanent	97	1	1	81	83.5
Other information technology personnel., Permanent	1	-	-	2	200
Quantity surveyors & rela prof not class elsewhere, Permanent	5	-	-	2	40
Risk management and security services, Permanent	2	-	-	2	100
Secretaries & other keyboard operating clerks, Permanent	22	1	4.5	12	54.5
Senior managers, Permanent	27	-	-	15	55.6
Trade labourers, Permanent	34	-	-	24	70.6
Total	757	17	2.2	456	60.2

Table 3.5.5 Promotions by salary band for the period 1 April 2015 and 31 March 2016

Salary Band	Employees 1 April 2015	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	3	-	-	-	-
Skilled (Levels 3-5)	122	-	-	86	7.5
Highly skilled production (Levels 6-8)	277	8	2.9	200	72.2
Highly skilled supervision (Levels 9-12)	158	7	4.4	108	68.4
Senior Management (Level 13-16)	24	-	-	19	79.2
Contract (Level 3 – 5)	16	-	-	-	-
Contract (Level 6 – 8)	59	2	3.4	2	3.4
Contract (Level 9 – 12)	88	-	-	38	43.2
Contract (Level 13 - 16)	10	-	-	3	30
Total	757	17	2.2	456	60.2

3.6. Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2016

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	8	-	1	1	7	2	1	-	20
Professionals	45	3	7	1	59	1	10	1	127
Technicians and associate professionals	99	7	25	6	121	6	13	8	285
Clerks	61	2	16	3	119	5	11	7	224
Service and sales workers	1	-	1	-	-	-	-	-	2
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	56	3	10	4	10	-	-	-	83
Plant and machine operators and assemblers	1-	1	-	-	3	-	-	-	14
Elementary occupations	42	4	3	-	9	-	-	-	58
Total	322	20	63	15	328	14	35	16	813
Employees with disabilities	11	2	1	-	1	-	-	1	16

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	-	-	1	-	2
Senior Management	8	-	2	1	6	1	3	-	21
Professionally qualified and experienced specialists and mid-management	6	5	21	6	57	2	12	3	166
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	88	5	27	7	121	9	14	12	283
Semi-skilled and discretionary decision making	68	8	5	-	44	-	-	-	125
Unskilled and defined decision making	1	-	-	-	-	-	-	-	1
Contract top Management	-	-	-	-	-	1	-	-	1
Contract Senior Management	2	-	2	-	4	-	-	1	9
Contract Professionally Qualified	50	2	4	-	25	-	4	-	85
Contract Skilled technical	19	-	-	-	43	1	-	-	63
Contract Semi-Skilled	5	-	-	-	-	-	-	-	5
Contract Unskilled	2	-	2	1	28	-	1	-	52
Total	322	20	63	15	328	14	35	16	813

Table 3.6.3 Recruitment for the period 1 April 2015 to 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	1	-	-	-	3	-	1	-	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	-	-	-	4	-	-	-	6
Semi-skilled and discretionary decision making	2	-	-	-	2	-	-	-	4
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Contract Professionally Qualified	1	-	-	-	2	-	-	-	3
Contract Skilled technical	2	-	-	-	2	-	-	-	4
Contract Semi-Skilled	2	-	-	-	1	-	-	-	3
Contract Unskilled	22	-	2	1	31	-	1	-	57
Total	32	-	2	1	45	-	2	-	82
Employees with disabilities	-	-	-	-	-	-	-	-	-

Table 3.6.4 Promotions for the period 1 April 2015 to 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
<i>Top Management</i>	1	-	-	-	-	-	1	-	2
Senior Management	6	2	2	1	3	1	2	-	17
Professionally qualified and experienced specialists and mid-management	42	1	15	4	43	-	9	1	115
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	61	4	19	4	90	5	14	11	208
Semi-skilled and discretionary decision making	51	9	3	-	23	-	-	-	86
Contract Senior Management	-	-	2	-	1	-	-	-	3
Contract Professionally Qualified	20	3	-	-	14	-	1	-	38
Contract Skilled technical	2	-	-	-	2	-	-	-	4
Total	183	19	41	9	176	6	27	12	473
Employees with disabilities	10	1	-	-	1	-	-	1	12

Table 3.6.5 Terminations for the period 1 April 2015 to 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	1	-	-	-	-	-	-	1
Professionally qualified and experienced specialists and mid-management	2	-	2	-	-	-	-	-	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	-	2	-	7	-	-	-	11
Semi-skilled and discretionary decision making	1	1	-	-	2	-	-	-	4
Unskilled and defined decision making	-	1	-	-	-	-	-	-	1
Contract Professionally Qualified	5	-	1	-	1	-	-	-	7
Contract Skilled technical	-	-	-	-	1	-	-	-	1
Contract Semi-Skilled	1	-	-	-	2	-	-	-	3
Contract Unskilled	2	-	-	-	3	-	-	-	5
Total	13	3	5	-	16	-	-	-	37

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Employees with Disabilities	-	-	-	-	-	-	-	-	-

Table 3.6.6 Disciplinary action for the period 1 April 2015 to 31 March 2016

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
None	-	-	-	-	-	-	-	-	-

Table 3.6.7 Skills development for the period 1 April 2015 to 31 March 2016

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	-	2	1	1-	2	5	1	34
Professionals	16	2	3	-	26	-	1	-	48
Technicians and associate professionals	149	8	39	10	147	10	17	7	387
Clerks	32	2	13	-	81	3	7	1	139
Service and sales workers	27	2	-	-	4	-	-	-	33
Skilled agriculture and fishery workers	12	-	2	-	2	-	-	-	16
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	9	3	-	-	3	-	-	-	15
Elementary occupations	33	5	2	-	11	4	-	-	55
Total	291	22	61	11	284	19	30	16	727
Employees with disabilities	1	-	1	-	2	-	-	-	4

3.7. Signing of Performance Agreements by SMS Members

Table 3.7.1 Signing of Performance Agreements by SMS members as at 31 March 2016

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	3.13
Salary Level 16	-	-	-	-
Salary Level 15	2	2	2	6.25
Salary Level 14	5	5	5	15.63
Salary Level 13	25	25	21	65.63
Total	32	32	28	87.5

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as at 31 March 2016

Reasons
None

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as at 31 March 2016

Reasons
None

3.8. Performance Rewards

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2014 to 31 March 2015

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	48	311	15.4	865	18,028
Female	54	327	16.5	925	17,126
Asian					
Male	21	62	33.9	803	38,225
Female	14	35	40	312	22,271
Coloured					
Male	7	18	38.9	136	19,422
Female	3	14	21.4	68	22,620
White					

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
Male	3	15	20	86	28,671
Female	8	15	53.3	190	23,690
People with disabilities	4	16	25	182	45,519
Total	162	813	19.9	3,566	22,013

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2015 to 31 March 2016

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	-	1	-	-	-	-
Skilled (level 3-5)	26	125	2.8	181	6,962	5.39
Highly skilled production (level 6-8)	69	283	24.4	990	14,348	29.46
Highly skilled supervision (level 9-12)	49	166	29.5	1,353	27,612	40.27
Contract (Level 3 – 5)	-	52	-	-	-	-
Contract (Level 6 – 8)	-	63	-	-	-	-
Contract (Level 9 – 12)	5	85	5.9	133	26.6	3.96
Total	149	787	18.9	2,657	17,832	79.08

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2015 to 31 March 2016

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related, Permanent	35	168	20.8	913	26,086
Agriculture related, Permanent	-	2	-	-	-
All artisans in the building metal machinery etc., Permanent	5	26	19.2	62	12,400
Architects town and traffic planners, Permanent	-	17	-	-	-
Artisan project and related superintendents, Permanent	1	1	100	12	12,000
Auxiliary and related workers, Permanent	-	3	-	-	-
Bus and heavy vehicle drivers, Permanent	-	1	-	-	-
Cartographic surveying and related technicians,	-	3	-	-	-

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Permanent					
Civil engineering technicians, Permanent	-	6	-	-	-
Cleaners in offices workshops hospitals etc., Permanent	6	27	22.2	35	5 833
Client inform clerks (switchboard, reception, inform clerks), Permanent	3	5	60	21	7,000
Communication and information related, Permanent	1	5	20	41	41,000
Community development workers, Permanent	-	13	-	-	-
Computer system designers and analysts., Permanent	1	1	100	14	14,000
Engineering sciences related, Permanent	-	3	-	-	-
Engineers and related professionals, Permanent	3	27	11.1	131	43,667
Finance and economics related, Permanent	4	8	50	86	21,500
Financial and related professionals, Permanent	-	1	-	-	-
Financial clerks and credit controllers, Permanent	12	61	19.7	170	14,167
Food services aids and waiters, Permanent	1	1	100	6	6,000
General legal administration & rel. professionals, Permanent	-	1	-	-	-
Head of department/chief executive officer, Permanent	-	1	-	-	-
Human resources & organisational development & relate prof, permanent	2	14	14.3	38	19,000
Human resources clerks, Permanent	2	29	6.9	13	65 ,000
Human resources related, Permanent	1	17	5.9	10	10,000
Information technology related, Permanent	1	4	25	90	90,000
Inspectors of apprentices works and vehicles, Permanent	5	56	8.9	133	26,600
Language practitioners, interpreters & other commun, Permanent	-	1	-	-	-
Legal related, Permanent	-	5	-	-	-
Library mail and related clerks, Permanent	5	13	38.5	54	1,800
Light vehicle drivers, Permanent	2	13	15.4	21	10,500
Logistical support personnel, Permanent	1	3	33.3	25	25,000

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Material-recording and transport clerks, Permanent	-	6	-	-	-
Messengers porters and deliverers, Permanent	-	3	-	-	-
Other administrat & related clerks and organisers, Permanent	22	86	25.6	364	16,545
Other administrative policy and related officers, Permanent	23	102	22.5	446	19,391
Other information technology personnel., Permanent	1	4	25	12	12,000
Quantity surveyors & rela prof not class elsewhere, Permanent	1	4	25	110	110,000
Risk management and security services, Permanent	-	2	-	-	-
Secretaries & other keyboard operating clerks, Permanent	6	24	25	64	10,667
Senior managers, Permanent	9	19	47.4	629	69,889
Trade labourers, Permanent	9	27	33.3	66	7,333
Total	162	813	19.9	3,566	22,012

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2015 to 31 March 2016

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	12	25	48	751	62,583	2.8
Band B	1	5	20	158	158,000	2.5
Band C	-	2	-	-	-	-
Band D	-	1	-	-	-	-
Total	13	33	39.4	909	69,923	2.8

3.9. Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2015 and 31 March 2016

Salary band	-1 April 2-15		31 March 2-16		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (Lev. 6-8)	-	-	-	-	-	-
Highly skilled supervision (Lev. 9-12)	1	100	1	100	1	100
Contract (level 9-12)	-	-	-	-	-	-
Contract (level 13-16)	-	-	-	-	-	-
Total	1	100	1	100	1	100

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2015 and 31 March 2016

Major occupation	-1 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	1	100	1	100	1	100
Total	1	100	1	100	1	100

3.10. Leave utilisation

Table 3.10.1 Sick leave for the period 1 January 2015 to 31 December 2015

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	13	92.3	1	0.2	13	6
Skilled (levels 3-5)	740	85.8	91	15.9	8	435
Highly skilled production (levels 6-8)	1,837	74.8	229	40	8	2,184
Highly skilled supervision (levels 9 -12)	949	80.6	127	22.2	7	1,979
Top and Senior management (levels 13-16)	121	86	20	3.5	6	431
Contract (Level 1 – 2)	52	46.2	21	3.7	2	11
Contract (Level 3 – 5)	33	42.4	5	0.9	7	20
Contract (Level 6 – 8)	183	71	32	5.6	6	179
Contract (Level 9 – 12)	244	77.9	7.5	6	495	
Contract (Level 13 – 16)	11	72.7	3	0.5	4	47
Total	4,183	77.8	572	100	7	5,787

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2015 to 31 December 2015

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	212	100	12	27.9	18	139
Highly skilled production (Levels 6-8)	258	100	22	51.2	12	330
Highly skilled supervision (Levels 9-12)	142	100	7	16.3	20	269
Senior management (Levels 13-16)	1	100	1	2.3	1	3
Contract (Levels 13-16)	47	100	1	2.3	47	185
Total	66	100	43	100	15	926

Table 3.10.3 Annual Leave for the period 1 January 2015 to 31 December 2015

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	34	34	1
Skilled Levels 3-5)	3,342	26	130
Highly skilled production (Levels 6-8)	7,543	26	295
Highly skilled supervision (Levels 9-12)	4,099	24	170
Senior management (Levels 13-16)	623	26	24
Contract (Level 1 – 2)	314	6	55
Contract (Level 3 – 5)	102	13	8
Contract (Level 6 – 8)	782	14	54
Contract (Level 9 – 12)	1,567	18	85
Contract (Level 13 – 16)	195	20	10
Total	18,601	22	832

Table 3.10.4 Capped leave for the period 1 January 2015 to 31 December 2015

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2016
Lower skilled (Levels 1-2)	-	-	-	-
Skilled Levels 3-5)	51	4	13	73
Highly skilled production (Levels 6-8)	87	11	8	82
Highly skilled supervision (Levels 9-12)	2	1	2	87
Senior management (Levels 13-16)	-	-	-	-
Total	140	16	23	242

Table 3.10.5 Leave payouts for the period 1 April 2015 and 31 March 2016

Reason	Total amount (R'00)	Number of employees	Average per employee (R'000)
Leave pay-outs for 2015/16 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave pay-outs on termination of service for 2015/16	862	20	43,100
Current leave pay-outs on termination of service for 2015/16	190	10	19,000
Total	1,052	30	35,067

3.11. HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

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

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		The Senior Manager: Human Resource Management is responsible for the management of HIV/AIDS Programme. HIV/AIDS Management is included in the Performance Agreement.
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		Mr. VB. Mdletshe, Assistant Manager Ms Ntombi Mlaba, EWP Practitioner Mr N Msomi, Administrative Assistant
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		The EWP was officially launched on the 4 July 2003, EWP sub programme are: Alcohol & drug abuse, visits to ill employees, HIV/AIDS programme &

Question	Yes	No	Details, if yes
			counselling, Rehabilitation, Supervisor & Management training in the identification and referral of non-coping employee, Health Promotion (TB, STI's, Cancer), Family & marital counselling, Financial Life Skills, Domestic Violence, Work Retrenchment counselling, dealing with strife, Parenting Skills, Women, Disability and AIDS Day Programs.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		No	The Department does not have an established HIV/AIDS Committee.
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		The approved Departmental Policy on HIV/AIDS prohibits unfair discrimination and promotes on discrimination on the basis of HIV/AIDS. It will act as a guide on Recruitment Policy and Termination of Services.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		HIV/AIDS Awareness campaign; EWP Confidentiality (separated data base), no other than staff has an access to the EWP Records.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		Every employee is encouraged to go for testing when there is an Awareness Campaign and Quarterly Health Screening Sessions. EWP clients and those who approach the EWP office individually, have been encouraged for VCT testing, the Peer Educators also play a major role in encouraging employees to go for Testing.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Employee Health & Wellness Programme has introduced evaluation forms which employees are required to complete after each EWP session. The unit is also part of the MPAT and SMT Reporting Tools used in the office. During the Departmental Quarterly Health Screening, GEMS visit our offices and employees are invited for health assessment and GEMS give us reports.

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2015 and 31 March 2016

Total number of Collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2015 and 31 March 2016

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	0.08
Verbal warning	1	0.08
Written warning	1	0.08
Final written warning	-	-
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	2	0.16
Not guilty	-	-
Case withdrawn	2	0.16
Contract not renewed	1	0.08
Total	8	0.64

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2015 and 31 March 2016

Type of misconduct	Number	% of total
Fruitless expenditure	1	0.04
Insolent behaviour	1	0.04
Failure to comply with transport prescripts	1	0.04
Misuse of state vehicle	1	0.04
Total	4	0.16

Table 3.12.4 Grievances logged for the period 1 April 2015 and 31 March 2016

Grievances	Number	% of Total
Number of grievances resolved	9	90
Number of grievances not resolved	1	10
Total number of grievances lodged	10	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2015 and 31 March 2016

Disputes	Number	% of Total
Number of disputes upheld	-	-
Number of disputes dismissed	1	100
Total number of disputes lodged	1	100

Table 3.12.6 Strike actions for the period 1 April 2015 and 31 March 2016

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2015 and 31 March 2016

Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	152
Cost of suspension (R'000)	200,732

3.13. Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2015 and 31 March 2016

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	40		-Embracing diversity -Ms Project -Ms Excel -Project Management -Financial Management -Conflict Management		40
	Male	46		-Policy Development -Workshop on EPMDS -Supervisory skills -Report Writing -Presentation and Facilitation Skills -Advanced Management Development Programme -Leadership course for middle managers -Accelerated Development Programme -Problem Solving and Decision Making		46

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				-Knowledge Management -Women in Management		
Professionals	Female	74		-Policy Development -Problem Solving and decision making -Standard Chard Account (SCOA) -Financial Management -Writing Skills		74
	Male	42		-Workshop on PMDS -Ms Excel -Risk Management -Writing Skills -Public Sector Administration Skills -Problem Solving and decision making -Records Management -Chairing meetings effectively -Project Management -Writing minutes of meetings -Supervisory Skills -BAS Training -Leadership for Middle managers -Ms PowerPoint -Developing People Persal Training		42

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				<ul style="list-style-type: none"> -Effective Management Principles for Junior Managers -Report Writing -Presentation and Facilitation Skills -Women in management -Embracing Diversity -Mentoring for growth -Presentation and facilitation skills 		
Technicians and associate professionals	Female	42		<ul style="list-style-type: none"> -Project Management -Fleet management -Presentation and Facilitation Skills -Supervisory Skills -Writing Skills -Public Sector Administrative Skills -Chairing meetings Effectively -Customer care: Batho Pele way -Problem Solving and decision making -Basic Accounting System: BAS -Ms Excel -Ms PowerPoint -Financial Management -Policy Development -Writing Skills -Ms Word -Programme in Housing Policy 		42

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				Development and Management -Mentoring for growth -Effective Management principles for junior managers		
	Male	45				45
Clerks	Female	55		-Ms Project -Supervisory Skills -Fleet Management -Embracing Diversity -Ms Excel -Project Management -Ms PowerPoint -Records Management -Persal Introduction Training -Financial Management -Chairing Meetings effectively -Women in Management -Facilitation and Presentation Skills -Writing Minutes of meetings -Writing skills -Mentoring for growth -Record management -HSS -Workshop on		55

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				EPMDS -Problem Solving and Decision making -PAJA and PAIA -Public Sector Administration Skills -Organisational Design -Ms Word -Chairing Meetings effectively -Programme in Housing Policy Development and Management		
	Male	12				12
Service and sales workers	Female	-				-
	Male	-				-
Skilled agriculture and fishery workers	Female	2		-Inspectorate Training -Welding -Inspectorate Training -Ms Word -Painting and Glazing -Project Management -Fleet Management -Matric -International Communication Technology		2
	Male	17				17
Craft and related trades workers	Female	-				-
	Male	-				-
Plant and machine operators and assemblers	Female	2		-Painting -Plumbing -Ms Word -Ms Excel		2
	Male	6				6
Elementary occupations	Female	4		-Customer care: the Batho Pele way		4

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				-Public Sector Administrative skills -Ms Word -Matric -Bricklaying -Painting -Carpentry -Plumbing -AET Level 2 -AET Level 4 -Matric -International Communications Technology		
	Male	21				21
Sub Total	Female	219				219
	Male	189				189
Total		408				408

Table 3.13.2 Training provided for the period 1 April 2015 and 31 March 2016

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	65		-Ms Project Level 1 -Ms Project Level 2 -Ms Excel 2-1-level 2 -Leadership Development Workshop -Customer care: Batho Pele way -Ms PowerPoint 2-1- -CIP Module 1 -Strategic Capability & Leadership Management & Training -ASHEPP Re Writes -Change Management -People Management -IsiZulu 2 nd Language -Sustainable Human Settlements workshop		65
	Male	31				31
Professionals	Female	64		-Ms PowerPoint 2-1- -Ms Outlook 2-1- -Internet Explorer Training -Skills Development Facilitator course -Ms excel level 1 -Ms excel level 2 -Customer Care: Batho Pele way \\ -CIP Module 1 -Breaking Barriers to entry -Develop Support		64

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				and promote RPL Practices -Train the Trainer: BB2E -Bachelor of Public Administration -Leadership Development Workshop -Complains Management Workshop IsiZulu 2 nd language -Organisational Design -HRD Implementation plan training -International Computer		
	Male	23				23
Technicians and associate professionals	Female	84		-Ms Project -Ms Excel -HSS Training -Ms PowerPoint -Compulsory Induction Programme (CIP) Module 1 -Customer Care : Batho Pele way -Breaking Barriers to Entry -Inspector Training -Complains Management Workshop -ASHEPP Re-writes -IsiZulu 2 nd Language		84
	Male	78				78
Clerks	Female	72		-Ms Project level 1 -Ms Project Level 2 -Records Management		72

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				-Ms Excel level 1 -Ms Excel level 2 -Ms PowerPoint 2-1 -Ms Word -Customer Care: Batho Pele -CIP Module 1 -Breaking the Barriers to Entry (BB2E) training -B.Tech: Public Administration -Train the Trainer BB2E -B.Tech Management Programme -IsiZulu 2 nd language ASHEPP Re-writes		
	Male	46				46
Service and sales workers	Female	-		Breaking the Barriers to Entry (BB2E) Training		-
	Male	1				1
Skilled agriculture and fishery workers	Female	-		-Basic Hand Skills -Carpentry -Bricklaying -Plumbing -Electrical		-
	Male	22				22
Craft and related trades workers	Female	-				-
	Male	-				-
Plant and machine operators and assemblers	Female	1		-Basic Hand Skills -Ms Word -Ms PowerPoint -Plumbing -Ms Project -Electrical -IsiZulu		1
	Male	13				13
Elementary occupations	Female	-		Basic Hand Skills Plumbing		-

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				Carpentry Ms Project ASHEPP Re-writes		
	Male	13				13
Sub Total	Female	286				286
	Male	227				227
Total		513				513

3.14. Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2015 and 31 March 2016

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

3.15. Utilisation of Consultants

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

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2015 and 31 March 2016

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

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016

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

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2015 and 31 March 2016

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

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

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016

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

3.16. Severance Packages**Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2015 and 31 March 2016**

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



PART E:
FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON
VOTE NO.8: DEPARTMENT OF HUMAN SETTLEMENTS

Report on the financial statements

Introduction

1. I have audited the financial statements of the Department of Human Settlements set out on pages 137 to 207, which comprise the appropriation statement, the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department'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.

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

Basis for qualified opinion

Irregular expenditure

6. I was unable to obtain sufficient and appropriate audit evidence that the department complied with supply chain management legislation because of the status of accounting records relating to transfers to households. I was therefore unable to confirm by alternative means that the irregular expenditure stated at R418,30 million, in disclosure note 24 to the financial statements, constituted all the irregular expenditure. Consequently, I was unable to determine whether any adjustment to the disclosure made on irregular expenditure, may have been necessary.

Qualified opinion

7. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Department of Human Settlements as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the MCS and the requirements of the PFMA and DoRA.

Emphasis of matter

8. I draw attention to the matter below.

Significant uncertainties

9. With reference to note 18 to the financial statements, the department is the defendant in lawsuits relating to breaches in contracts, services rendered and arbitration. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for programme 2 - housing needs, research and planning on pages 47 to 50; programme 3 - housing development on pages 51 to 59; as well as programme 4 - housing assets management, property management on pages 60 to 63, presented in the annual performance report of the department for the year ended 31 March 2016.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for Managing Programme Performance Information* (FMPPI).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matters

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

16. Refer to the annual performance report on pages 44 to 63 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were identified on the reported performance information of all selected programmes. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

18. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Procurement and contract management

19. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as a proper filing system was not in place to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.

Expenditure management

20. Money owed by the department was not settled within 30 days as required by section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3.
21. Reasonable steps were not taken to ensure that an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective, was in place, as required by section 38(1)(a)(iii) of the PFMA.
22. Effective steps were not taken to prevent unauthorised and irregular expenditure amounting to R5,58 million and R6,41 million, respectively, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.

Internal control

23. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, and the findings on compliance with legislation included in this report.

Leadership

24. The department did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance with legislation to ensure material misstatement and non-compliance were detected and prevented.

Financial and performance management

25. The department did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information. Also, there was insufficient review and monitoring of compliance with applicable laws and regulations.

Governance

26. The department and internal audit did not implement adequate risk management activities to ensure that regular risk assessments were conducted and monitored which resulted in a modification in the audit opinion.

Other reports

27. I draw attention to the following engagements that could potentially have an impact on the department's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

28. Provincial Treasury performed seven investigations at the request of the department, which covered the period 1 April 2009 to 31 March 2016. These investigations were initiated based on allegations of bribery, corruption and procurement irregularities. Two investigations were completed and handed over to the South African Police Services for criminal investigations. Three investigations were completed and the recommendations were submitted to the Accounting Officer for implementation. The two remaining investigations are still in progress and the date of completion is not known.
29. An independent consulting firm performed an investigation at the request of the department, which covered the period 1 April 2015 to 31 March 2016. This investigation was initiated based on an allegation of possible irregularities in a housing project. This investigation has been completed and the recommendations were referred to the municipality concerned.
30. South African Police Services is performing an investigation at the request of the department, which covered the period 1 April 2015 to 31 March 2016. This investigation was initiated based on allegations of housing scams into various housing projects outside government processes. This investigation is still in progress and the date of completion is not known.
31. An independent consulting firm is performing an investigation at the request of the department, which covered the period 1 April 2015 to 31 March 2016. This investigation was initiated based on allegations into allocations of housing in various housing projects. This investigation is still in progress and the date of completion is not known.

Auditor General

Pietermaritzburg

29 July 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPROPRIATION STATEMENT
for the year ended 31 March 2016

Appropriation per programme											
Programme	2015/16						2014/15				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
1. Administration	195,128	-	-	195,128	198,260	(3,132)	101.6	184,394	182,847		
2. Housing Needs, Research and Planning	17,209	-	-	17,209	16,411	798	95.4	14,955	14,223		
3. Housing Development	3,371,396	308,377	-	3,679,773	3,674,667	5,106	99.9	3,510,564	3,532,420		
4. Housing Asset Management, Property Management	239,237	-	-	239,237	241,687	(2,450)	101.0	148,530	143,688		
Total	3,822,970	308,377	-	4,131,347	4,131,025	322	100.0	3,858,443	3,873,178		

APPROPRIATION STATEMENT
for the year ended 31 March 2016

	2015/16		2014/15	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
Total (brought forward)	4,131,347	4,131,025	3,858,443	3,873,178
Reconciliation with statement of financial performance				
Add				
Departmental receipts	168,075		28,920	
Actual amounts per statement of financial performance (total revenue)	4,299,422		3,887,363	
Actual amounts per statement of financial performance (total expenditure)		4,131,025		3,873,178

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Appropriation per economic classification		2015/16						2014/15		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification	391,239	-	-	391,239	389,360	1,879	99.5	354,947	362,918	
Current payments	273,453	-	-	273,453	266,232	7,221	97.4	237,306	239,766	
Compensation of employees	245,540	-	-	245,540	238,064	7,476	97.0	212,561	215,346	
Salaries and wages	27,913	-	-	27,913	28,168	(255)	100.9	24,745	24,420	
Social contributions	117,786	-	-	117,786	123,128	(5,342)	104.5	117,640	123,151	
Goods and services	803	-	-	803	525	278	65.4	664	653	
Administrative fees	2,039	-	-	2,039	2,031	8	99.6	2,569	2,348	
Advertising	2,230	-	-	2,230	2,813	(583)	126.1	1,197	738	
Minor assets	5,800	-	-	5,800	6,261	(461)	107.9	5,937	5,938	
Audit costs: External	200	-	-	200	122	78	61.0	230	230	
Bursaries: Employees	3,368	-	-	3,368	2,786	582	82.7	4,036	5,217	
Catering: Departmental activities	7,677	-	-	7,677	8,574	(897)	111.7	7,734	7,693	
Communication	9,768	-	-	9,768	16,841	(7,073)	172.4	9,680	9,681	
Computer services	3,399	-	-	3,399	2,595	804	76.3	4,034	5,136	
Consultants: Business and advisory services	1,259	-	-	1,259	1,371	(112)	108.9	1,150	1,560	
Infrastructure and planning services	-	-	-	-	-	-	-	-	-	
Laboratory services	-	-	-	-	-	-	-	-	-	
Scientific and technological services	3,093	-	-	3,093	3,612	(519)	116.8	3,663	3,651	
Legal services	7,412	-	-	7,412	3,030	4,382	40.9	3,022	3,023	
Contractors	357	-	-	357	85	272	23.8	102	99	
Agency and support / outsourced services	34	-	-	34	-	34	-	11	-	
Entertainment	4,881	-	-	4,881	4,209	672	86.2	4,971	4,971	
Fleet services	-	-	-	-	-	-	-	-	-	
Housing	32	-	-	32	24	8	75.0	2	-	
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-	
Inventory: Farming supplies	126	-	-	126	49	77	38.9	89	42	
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-	
Inventory: Fuel, oil and gas	265	-	-	265	287	(22)	108.3	-	18	
Inventory: Learner and teacher support material	92	-	-	92	380	(288)	413.0	120	343	
Inventory: Materials and supplies	16	-	-	16	2	14	12.5	44	16	

APPROPRIATION STATEMENT
for the year ended 31 March 2016

Appropriation per economic classification - continued											
2015/16											2014/15
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Inventory: Medicine	-	-	-	-	-	-	-	-	-		
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-		
Inventory: Other supplies	-	-	-	-	-	-	-	-	-		
Consumable supplies	446	-	-	446	500	(54)	112.1	477	479		
Consumable: Stationery, printing and office supplies	1,459	-	-	1,459	1,121	338	76.8	1,571	1,560		
Operating leases	24,103	-	-	24,103	20,468	3,635	84.9	21,863	21,912		
Property payments	16,876	-	-	16,876	23,901	(7,025)	141.6	17,137	17,143		
Transport provided: Departmental activity	302	-	-	302	698	(396)	231.1	1,839	3,402		
Travel and subsistence	13,088	-	-	13,088	13,024	64	99.5	15,459	15,324		
Training and development	3,331	-	-	3,331	2,892	439	86.8	1,601	1,602		
Operating payments	2,540	-	-	2,540	2,201	339	86.7	3,001	2,990		
Venues and facilities	2,093	-	-	2,093	1,694	399	80.9	4,545	4,545		
Rental and hiring	697	-	-	697	1,032	(335)	148.1	838	2,837		
Interest and rent on land	-	-	-	-	-	-	-	1	1		
Interest	-	-	-	-	-	-	-	1	1		
Rent on land	-	-	-	-	-	-	-	-	-		
Transfers and subsidies	3,414,451	308,377	-	3,722,828	3,726,625	(3,797)	100.1	3,425,430	3,429,909		
Provinces and municipalities	149,021	-	-	149,021	163,157	(14,136)	109.5	44,476	68,458		
Provinces	280	-	-	280	104	176	37.1	215	140		
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-		
Provincial agencies and funds	280	-	-	280	104	176	37.1	215	140		
Municipalities	148,741	-	-	148,741	163,053	(14,312)	109.6	44,261	68,318		
Municipal bank accounts	148,741	-	-	148,741	163,053	(14,312)	109.6	44,261	68,318		
Municipal agencies and funds	-	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	257,145	-	-	257,145	259,644	(2,499)	101.0	149,236	145,302		
Social security funds	-	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	257,145	-	-	257,145	259,644	(2,499)	101.0	149,236	145,302		
Higher education institutions	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Appropriation per economic classification	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3,008,285	308,377	-	3,316,662	3,303,824	12,838	99.6	3,231,718	3,216,149
Social benefits	1,946	-	-	1,946	816	1,130	41.9	1,585	1,516
Other transfers to households	3,006,339	308,377	-	3,314,716	3,303,008	11,708	99.6	3,230,133	3,214,633
Payments for capital assets	16,995	-	-	16,995	14,755	2,240	86.8	77,293	79,588
Buildings and other fixed structures	12,500	-	-	12,500	6,170	6,330	49.4	64,459	67,455
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	12,500	-	-	12,500	6,170	6,330	49.4	64,459	67,455
Machinery and equipment	4,495	-	-	4,495	8,585	(4,090)	191.0	12,409	11,754
Transport equipment	-	-	-	-	-	-	-	6,866	7,713
Other machinery and equipment	4,495	-	-	4,495	8,585	(4,090)	191.0	5,543	4,041
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	425	379
Payments for financial assets	285	-	-	285	285	-	100.0	773	763
Total	3,822,970	308,377	-	4,131,347	4,131,025	322	100.0	3,858,443	3,873,178

APPROPRIATION STATEMENT

for the year ended 31 March 2016

	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Corporate Services	195,128	-	-	195,128	198,260	(3,132)	101.6	184,394	182,847
Total for sub programmes	195,128	-	-	195,128	198,260	(3,132)	101.6	184,394	182,847
Economic classification	190,179	-	-	190,179	188,867	1,312	99.3	173,917	173,522
Current payments	114,463	-	-	114,463	110,479	3,984	96.5	101,323	101,270
Compensation of employees	99,355	-	-	99,355	95,434	3,921	96.1	88,533	88,519
Salaries and wages	15,108	-	-	15,108	15,045	63	99.6	12,790	12,751
Social contributions	75,716	-	-	75,716	78,388	(2,672)	103.5	72,593	72,251
Goods and services	479	-	-	479	294	185	61.4	254	256
Administrative fees	1,373	-	-	1,373	1,412	(39)	102.8	2,020	2,017
Advertising	1,525	-	-	1,525	2,085	(560)	136.7	671	590
Minor assets	5,800	-	-	5,800	6,261	(461)	107.9	5,937	5,938
Audit costs: External	200	-	-	200	122	78	61.0	230	230
Bursaries: Employees	439	-	-	439	298	141	67.9	267	261
Catering: Departmental activities	5,419	-	-	5,419	5,747	(328)	106.1	5,134	5,136
Communication	8,884	-	-	8,884	16,210	(7,326)	182.5	8,487	8,487
Computer services	185	-	-	185	97	88	52.4	311	309
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	2,700	-	-	2,700	2,205	495	81.7	2,255	2,243
Legal services	302	-	-	302	77	225	25.5	692	692
Contractors	357	-	-	357	85	272	23.8	87	84
Agency and support / outsourced services	30	-	-	30	-	30	-	-	-
Entertainment	4,688	-	-	4,688	3,899	789	83.2	4,763	4,763
Fleet services	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	2	(2)	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	108	-	-	108	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	30	78	27.8	65	23

APPROPRIATION STATEMENT
for the year ended 31 March 2016

	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	225	-	-	225	103	122	45.8	40	16
Inventory: Materials and supplies	89	-	-	89	87	2	97.8	116	48
Inventory: Medical supplies	4	-	-	4	2	2	50.0	44	16
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medias Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	133	-	-	133	88	45	66.2	213	213
Consumable: Stationery, printing and office supplies	1,233	-	-	1,233	1,043	190	84.6	1,276	1,268
Operating leases	22,440	-	-	22,440	19,626	2,814	87.5	21,217	21,216
Property payments	10,247	-	-	10,247	11,933	(1,686)	116.5	11,359	11,360
Transport provided: Departmental activity	1	-	-	1	36	(35)	3,600.0	-	-
Travel and subsistence	5,173	-	-	5,173	3,837	1,336	74.2	4,568	4,497
Training and development	1,986	-	-	1,986	1,612	374	81.2	1,015	1,016
Operating payments	1,506	-	-	1,506	1,188	318	78.9	1,540	1,540
Venues and facilities	190	-	-	190	4	186	2.1	29	29
Rental and hiring	-	-	-	-	5	(5)	-	3	3
Interest and rent on land	-	-	-	-	-	-	-	1	1
Interest	-	-	-	-	-	-	-	1	1
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,190	-	-	1,190	1,195	(5)	100.4	2,181	2,180
Provinces and municipalities	280	-	-	280	98	182	35.0	215	132
Provinces	280	-	-	280	98	182	35.0	215	132
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	280	-	-	280	98	182	35.0	215	132
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	706	705
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	706	705

APPROPRIATION STATEMENT
for the year ended 31 March 2016

	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	910	-	-	910	1,097	(187)	120.5	1,260	1,343
Social benefits	330	-	-	330	388	(58)	117.6	1,148	1,189
Other transfers to households	580	-	-	580	709	(129)	122.2	112	154
Payments for capital assets	3,742	-	-	3,742	8,181	(4,439)	218.6	7,588	6,446
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3,742	-	-	3,742	8,181	(4,439)	218.6	7,588	6,446
Transport equipment	-	-	-	-	-	-	-	2,796	3,161
Other machinery and equipment	3,742	-	-	3,742	8,181	(4,439)	218.6	4,792	3,285
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	17	-	-	17	17	-	100.0	708	699
Total	195,128	-	-	195,128	198,260	(3,132)	101.6	184,394	182,847

APPROPRIATION STATEMENT
for the year ended 31 March 2016

Subprogramme: 1.1 Corporate Services	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	190,179	-	-	190,179	188,867	1,312	99.3	173,917	173,522
Compensation of employees	114,463	-	-	114,463	110,479	3,984	96.5	101,323	101,270
Goods and services	75,716	-	-	75,716	78,388	(2,672)	103.5	72,593	72,251
Interest and rent on land	-	-	-	-	-	-	-	1	1
Transfers and subsidies	1,190	-	-	1,190	1,195	(5)	100.4	2,181	2,180
Provinces and municipalities	280	-	-	280	98	182	35.0	215	132
Departmental agencies and accounts	-	-	-	-	-	-	-	706	705
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	910	-	-	910	1,097	(187)	120.5	1,260	1,343
Payments for capital assets	3,742	-	-	3,742	8,181	(4,439)	218.6	7,588	6,446
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3,742	-	-	3,742	8,181	(4,439)	218.6	7,588	6,446
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	17	-	-	17	17	-	100.0	708	699
Total	195,128	-	-	195,128	198,260	(3,132)	101.6	184,394	182,847

APPROPRIATION STATEMENT
for the year ended 31 March 2016

	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 2: Housing Needs, Research and Planning									
Sub programme									
1. Administration	516	-	-	516	376	140	72.9	401	338
2. Policy	4,305	-	-	4,305	4,354	(49)	101.1	3,561	3,539
3. Planning	3,693	-	-	3,693	3,447	246	93.3	3,714	3,400
4. Research	8,695	-	-	8,695	8,234	461	94.7	7,279	6,946
Total for sub programmes	17,209	-	-	17,209	16,411	798	95.4	14,955	14,223
Economic classification									
Current payments	17,159	-	-	17,159	16,411	748	95.6	14,856	14,209
Compensation of employees	13,073	-	-	13,073	12,885	188	98.6	11,172	11,165
Salaries and wages	11,467	-	-	11,467	11,289	178	98.4	9,695	9,784
Social contributions	1,606	-	-	1,606	1,596	10	99.4	1,477	1,381
Goods and services	4,086	-	-	4,086	3,526	560	86.3	3,684	3,044
Administrative fees	55	-	-	55	36	19	65.5	80	42
Advertising	-	-	-	-	2	(2)	-	223	5
Minor assets	75	-	-	75	-	75	-	146	1
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	1,710	-	-	1,710	1,578	132	92.3	1,009	974
Communication	204	-	-	204	185	19	90.7	221	187
Computer services	19	-	-	19	26	(7)	136.8	79	79
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	6	-	-	6	12	(6)	200.0	3	3
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	11	-
Fleet services	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT

for the year ended 31 March 2016

	Programme 2: Housing Needs, Research and Planning - continued									
	2015/16					2014/15				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	2	-	-	2	4	(2)	200.0	10	4	
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-	
Inventory: Learner and teacher support material	40	-	-	40	92	(52)	230.0	12	-	
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medas Inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other supplies	-	-	-	-	-	-	-	-	-	
Consumable supplies	6	-	-	6	5	1	83.3	-	-	
Consumable: Stationery, printing and office supplies	71	-	-	71	50	21	70.4	51	47	
Operating leases	87	-	-	87	94	(7)	108.0	154	90	
Property payments	-	-	-	-	-	-	-	-	-	
Transport provided:	-	-	-	-	-	-	-	-	-	
Departmental activity	-	-	-	-	-	-	-	-	-	
Travel and subsistence	1,071	-	-	1,071	799	272	74.6	1,281	1,208	
Training and development	669	-	-	669	604	65	90.3	320	321	
Operating payments	71	-	-	71	39	32	54.9	77	77	
Venues and facilities	-	-	-	-	-	-	-	7	6	
Rental and hiring	-	-	-	-	-	-	-	-	-	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	-	-	-	-	-	-	-	7	7	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Provinces	-	-	-	-	-	-	-	-	-	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	
Provincial agencies and funds	-	-	-	-	-	-	-	-	-	
Municipalities	-	-	-	-	-	-	-	-	-	
Municipal bank accounts	-	-	-	-	-	-	-	-	-	
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	

APPROPRIATION STATEMENT
for the year ended 31 March 2016

	2015/16					2014/15			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	7	7
Social benefits	-	-	-	-	-	-	-	7	7
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	50	-	-	50	-	50	-	85	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	50	-	-	50	-	50	-	85	-
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	50	-	-	50	-	50	-	85	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	7	7
Total	17,209	-	-	17,209	16,411	798	95.4	14,955	14,223

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme: 2.1 Administration	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	466	-	-	466	376	90	80.7	401	338
Compensation of employees	420	-	-	420	365	55	86.9	278	272
Goods and services	46	-	-	46	11	35	23.9	123	66
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	50	-	-	50	-	50	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	50	-	-	50	-	50	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	516	-	-	516	376	140	72.9	401	338

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme: 2.2 Policy	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4,305	-	-	4,305	4,354	(49)	101.1	3,552	3,530
Compensation of employees	3,847	-	-	3,847	3,973	(126)	103.3	3,111	3,111
Goods and services	458	-	-	458	381	77	83.2	441	419
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	7	7
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	7	7
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	2	2
Total	4,305	-	-	4,305	4,354	(49)	101.1	3,561	3,539

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme: 2.3 Planning	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3,693	-	-	3,693	3,447	246	93.3	3,674	3,395
Compensation of employees	3,372	-	-	3,372	3,226	146	95.7	3,162	3,162
Goods and services	321	-	-	321	221	100	68.8	512	233
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	35	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	35	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	5	5
Total	3,693	-	-	3,693	3,447	246	93.3	3,714	3,400

APPROPRIATION STATEMENT
for the year ended 31 March 2016

Subprogramme: 2.4 Research	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	8,695	-	-	8,695	8,234	461	94.7	7,229	6,946
Compensation of employees	5,434	-	-	5,434	5,321	113	97.9	4,621	4,620
Goods and services	3,261	-	-	3,261	2,913	348	89.3	2,608	2,326
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	50	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	8,695	-	-	8,695	8,234	461	94.7	7,279	6,946

APPROPRIATION STATEMENT

for the year ended 31 March 2016

	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Administration	86,357	-	-	86,357	86,714	(357)	100.4	80,071	90,690
2. Financial Interventions	534,282	-	-	534,282	421,270	113,012	78.8	489,652	469,233
3. Incremental Interventions	1,165,127	118,513	-	1,283,640	1,307,268	(23,628)	101.8	1,287,587	1,089,267
4. Social and Rental Interventions	257,398	-	-	257,398	267,718	(10,320)	104.0	83,606	78,768
5. Rural Interventions	1,328,232	189,864	-	1,518,096	1,591,697	(73,601)	104.8	1,569,648	1,804,462
Total for sub programmes	3,371,396	308,377	-	3,679,773	3,674,667	5,106	99.9	3,510,564	3,532,420
Economic classification									
Current payments	183,901	-	-	183,901	184,082	(181)	100.1	166,174	175,187
Compensation of employees	145,917	-	-	145,917	142,868	3,049	97.9	124,811	127,331
Salaries and wages	134,718	-	-	134,718	131,341	3,377	97.5	114,333	117,043
Social contributions	11,199	-	-	11,199	11,527	(328)	102.9	10,478	10,288
Goods and services	37,984	-	-	37,984	41,214	(3,230)	108.5	41,363	47,856
Administrative fees	269	-	-	269	195	74	72.5	330	355
Advertising	666	-	-	666	617	49	92.6	326	326
Minor assets	630	-	-	630	728	(98)	115.6	380	147
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	1,219	-	-	1,219	910	309	74.7	2,760	3,982
Communication	2,054	-	-	2,054	2,642	(588)	128.6	2,379	2,370
Computer services	865	-	-	865	605	260	69.9	1,114	1,115
Consultants: Business and advisory services	3,214	-	-	3,214	2,498	716	77.7	3,723	4,827
Infrastructure and planning services	1,259	-	-	1,259	1,371	(112)	108.9	1,150	1,560
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	393	-	-	393	1,407	(1,014)	358.0	1,408	1,408
Contractors	7,104	-	-	7,104	2,941	4,163	41.4	2,327	2,328
Agency and support / outsourced services	-	-	-	-	-	-	-	15	15
Entertainment	4	-	-	4	-	4	-	-	-
Fleet services	193	-	-	193	310	(117)	160.6	208	208
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	32	-	-	32	22	10	68.8	2	-

APPROPRIATION STATEMENT

for the year ended 31 March 2016

	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Farming supplies	-	-	-	-	15	-	-	-	-
Inventory: Food and food supplies	16	-	-	16	15	1	93.8	14	15
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	92	(92)	-	2	2
Inventory: Materials and supplies	3	-	-	3	293	(290)	9,766.7	4	295
Inventory: Medical supplies	12	-	-	12	-	12	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	307	-	-	307	407	(100)	132.6	264	266
Consumable: Stationery, printing and office supplies	155	-	-	155	28	127	18.1	244	245
Operating leases	1,576	-	-	1,576	748	828	47.5	492	606
Property payments	6,629	-	-	6,629	11,968	(5,339)	180.5	5,778	5,783
Transport provided: Departmental activity	301	-	-	301	662	(361)	219.9	1,839	3,402
Travel and subsistence	6,844	-	-	6,844	8,388	(1,544)	122.6	9,610	9,619
Training and development	676	-	-	676	676	-	100.0	266	265
Operating payments	963	-	-	963	974	(11)	101.1	1,384	1,373
Venues and facilities	1,903	-	-	1,903	1,690	213	88.8	4,509	4,510
Rental and hiring	697	-	-	697	1,027	(330)	147.3	835	2,834
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3,174,116	308,377	-	3,482,493	3,483,786	(1,293)	100.0	3,274,712	3,284,057
Provinces and municipalities	148,741	-	-	148,741	163,059	(14,318)	109.6	44,261	68,326
Provinces	-	-	-	-	6	(6)	-	-	8
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	6	(6)	-	-	8
Municipalities	148,741	-	-	148,741	163,053	(14,312)	109.6	44,261	68,318
Municipal bank accounts	148,741	-	-	148,741	163,053	(14,312)	109.6	44,261	68,318
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	18,000	-	-	18,000	18,000	-	100.0	-	932

APPROPRIATION STATEMENT
for the year ended 31 March 2016

	2015/16					2014/15			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	18,000	-	-	18,000	18,000	-	100.0	-	932
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3,007,375	308,377	-	3,315,752	3,302,727	13,025	99.6	3,230,451	3,214,799
Social benefits	1,616	-	-	1,616	428	1,188	26.5	430	320
Other transfers to households	3,005,759	308,377	-	3,314,136	3,302,299	11,837	99.6	3,230,021	3,214,479
Payments for capital assets	13,111	-	-	13,111	6,531	6,580	49.8	69,620	73,119
Buildings and other fixed structures	12,500	-	-	12,500	6,170	6,330	49.4	64,459	67,455
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	12,500	-	-	12,500	6,170	6,330	49.4	64,459	67,455
Machinery and equipment	611	-	-	611	361	250	59.1	4,736	5,285
Transport equipment	-	-	-	-	-	-	-	4,070	4,552
Other machinery and equipment	611	-	-	611	361	250	59.1	666	733
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	425	379
Payments for financial assets	268	-	-	268	268	-	100.0	58	57
T total	3,371,396	308,377	-	3,679,773	3,674,667	5,106	99.9	3,510,564	3,532,420

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme: 3.1 Administration	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	85,786	-	-	85,786	86,011	(225)	100.3	79,347	79,342
Compensation of employees	77,399	-	-	77,399	77,463	(64)	100.1	69,674	69,675
Goods and services	8,387	-	-	8,387	8,548	(161)	101.9	9,673	9,667
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	91	-	-	91	354	(263)	389.0	319	11,166
Provinces and municipalities	-	-	-	-	-	-	-	-	10,851
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	91	-	-	91	354	(263)	389.0	319	315
Payments for capital assets	212	-	-	212	81	131	38.2	347	125
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	212	-	-	212	81	131	38.2	347	125
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	268	-	-	268	268	-	100.0	58	57
Total	86,357	-	-	86,357	86,714	(357)	100.4	80,071	90,690

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme: 3.2 Financial Interventions	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	98,115	-	-	98,115	98,071	44	100.0	86,813	95,831
Compensation of employees	68,518	-	-	68,518	65,405	3,113	95.5	55,137	57,656
Goods and services	29,597	-	-	29,597	32,666	(3,069)	110.4	31,676	38,175
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	423,268	-	-	423,268	316,749	106,519	74.8	333,566	300,408
Provinces and municipalities	48,741	-	-	48,741	54,302	(5,561)	111.4	44,261	57,475
Departmental agencies and accounts	18,000	-	-	18,000	18,000	-	100.0	-	932
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	356,527	-	-	356,527	244,447	112,080	68.6	289,305	242,001
Payments for capital assets	12,899	-	-	12,899	6,450	6,449	50.0	69,273	72,994
Buildings and other fixed structures	12,500	-	-	12,500	6,170	6,330	49.4	64,459	67,455
Machinery and equipment	399	-	-	399	280	119	70.2	4,389	5,160
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	425	379
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	534,282	-	-	534,282	421,270	113,012	78.8	489,652	469,233

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme: 3.3 Incremental Interventions	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	14	14
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	14	14
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,165,127	118,513	-	1,283,640	1,307,268	(23,628)	101.8	1,287,573	1,089,253
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,165,127	118,513	-	1,283,640	1,307,268	(23,628)	101.8	1,287,573	1,089,253
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1,165,127	118,513	-	1,283,640	1,307,268	(23,628)	101.8	1,287,587	1,089,267

APPROPRIATION STATEMENT
for the year ended 31 March 2016

Subprogramme: 3.4 Social Interventions	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	257,398	-	-	257,398	267,718	(10,320)	104.0	83,606	78,768
Provinces and municipalities	100,000	-	-	100,000	108,757	(8,757)	108.8	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	157,398	-	-	157,398	158,961	(1,563)	101.0	83,606	78,768
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	257,398	-	-	257,398	267,718	(10,320)	104.0	83,606	78,768

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme: 3.5 Rural Interventions	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,328,232	189,864	-	1,518,096	1,591,697	(73,601)	104.8	1,569,648	1,804,462
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,328,232	189,864	-	1,518,096	1,591,697	(73,601)	104.8	1,569,648	1,804,462
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1,328,232	189,864	-	1,518,096	1,591,697	(73,601)	104.8	1,569,648	1,804,462

APPROPRIATION STATEMENT
for the year ended 31 March 2016

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Administration	51,248	-	-	51,248	47,633	3,615	92.9	47,542	46,561
2. Sale and Transfer of Housing Properties	958	-	-	958	537	421	56.1	662	919
3. Housing Properties Maintenance	187,031	-	-	187,031	193,517	(6,486)	103.5	100,326	96,208
Total for sub programmes	239,237	-	-	239,237	241,687	(2,450)	101.0	148,530	143,688
Economic classification									
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Salaries and wages	-	-	-	-	-	-	-	-	-
Social contributions	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-
Minor assets	-	-	-	-	-	-	-	-	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-	-
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	-	-	-	-	-	-	-	-	-
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2016

Programme 4: Housing Asset Management, Property Management - continued										
	2015/16					2014/15				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-	
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-	
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-	
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other supplies	-	-	-	-	-	-	-	-	-	
Consumable supplies	-	-	-	-	-	-	-	-	-	
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	-	-	
Operating leases	-	-	-	-	-	-	-	-	-	
Property payments	-	-	-	-	-	-	-	-	-	
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-	
Travel and subsistence	-	-	-	-	-	-	-	-	-	
Training and development	-	-	-	-	-	-	-	-	-	
Operating payments	-	-	-	-	-	-	-	-	-	
Venues and facilities	-	-	-	-	-	-	-	-	-	
Rental and hiring	-	-	-	-	-	-	-	-	-	
Rental and rent on land	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	239,145	-	-	239,145	241,644	(2,499)	101.0	148,530	143,665	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Provinces	-	-	-	-	-	-	-	-	-	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	
Provincial agencies and funds	-	-	-	-	-	-	-	-	-	
Municipalities	-	-	-	-	-	-	-	-	-	
Municipal bank accounts	-	-	-	-	-	-	-	-	-	
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	239,145	-	-	239,145	241,644	(2,499)	101.1	148,530	143,665	

APPROPRIATION STATEMENT
for the year ended 31 March 2016

	2015/16					2014/15			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	239,145	-	-	239,145	241,644	(2,499)	101.1	148,530	143,665
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	92	-	-	92	43	49	46.7	-	23
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	92	-	-	92	43	49	46.7	-	23
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	92	-	-	92	43	49	46.7	-	23
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	239,237	-	-	239,237	241,687	(2,450)	101.0	148,530	143,688

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme: 4.1 Administration	2015/16					2014/15			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	51,156	-	-	51,156	47,590	3,566	93.0	47,542	46,538
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	51,156	-	-	51,156	47,590	3,566	93.0	47,542	46,538
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	92	-	-	92	43	49	46.7	-	23
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	92	-	-	92	43	49	46.7	-	23
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	51,248	-	-	51,248	47,633	3,615	92.9	47,542	46,561

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme: 4.2 Sale and Transfer of Housing Properties	2015/16						2014/15		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	958	-	-	958	537	421	56.1	662	919
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	958	-	-	958	537	421	56.1	662	919
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	958	-	-	958	537	421	56.1	662	919

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme: 4.3 Housing Properties Maintenance	2015/16					2014/15			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	187,031	-	-	187,031	193,517	(6,486)	103.5	100,326	96,208
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	187,031	-	-	187,031	193,517	(6,486)	103.5	100,326	96,208
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	187,031	-	-	187,031	193,517	(6,486)	103.5	100,326	96,208

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2016

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

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

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

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

3. Detail on payments for financial assets:

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

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	195,128	198,260	(3,132)	(2)
Explanation of variance: Over expenditure is mainly against machinery and equipment due to the purchase of additional desktops and laptops for the staff as well as extra storage server.				
Housing Needs, Research and Planning	17,209	16,411	798	5
Explanation of variance: Under expenditure is mainly due to non-filling of vacant budgeted post for deputy manager in the office of the general manager.				
Housing Development	3,679,773	3,674,667	5,106	-
Explanation of variance: Under expenditure is mainly from social and economic amenities under the HSDG. The cluster BC&D in Umkhanyakude, Amajuba and Umgungdlovu contractors have been terminated due to non-performance. The department is currently in the process of finalising a new implementation strategy on this programme, and also EPWP grant has under spent by R 522, 000.				
Housing Asset Management, Property Management	239,237	241,687	(2,450)	(1)
Explanation of variance: Over expenditure is mainly due to maintenance and repairs on housing properties under HSDG.				

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2016

4.2 Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
Current payments	391,239	389,360	1,879	-
Compensation of employees	273,453	266,232	7,221	3
Goods and services	117,786	123,128	(5,342)	(5)
Interest and rent on land	-	-	-	-
Transfers and subsidies	3,722,828	3,726,625	(3,797)	-
Provinces and municipalities	149,021	163,157	(14,136)	(9)
Departmental agencies and accounts	257,145	259,644	(2,499)	(1)
Higher education institutions	-	-	-	-
Public corporations and private enterprises	-	-	-	-
Foreign governments and international organisations	-	-	-	-
Non-profit institutions	-	-	-	-
Households	3,316,662	3,303,824	12,838	-
Payments for capital assets	16,995	14,755	2,240	13
Buildings and other fixed structures	12,500	6,170	6,330	51
Machinery and equipment	4,495	8,585	(4,090)	(91)
Heritage assets	-	-	-	-
Specialised military assets	-	-	-	-
Biological assets	-	-	-	-
Land and subsoil assets	-	-	-	-
Intangible assets	-	-	-	-
Payments for financial assets	285	285	-	-
Total	4,131,347	4,131,025	322	-

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2016

Explanation of variance: Under expenditure in the Compensation of Employees classification is mainly due to the delays in the filling of vacant budgeted posts.

Explanation of variance: Over Expenditure in Goods and Services classification is mainly due to the provision of anti-land invasion and security support in the areas around eThekweni Metro which was inadequately budgeted during the year

Explanation of variance: Over expenditure in Provinces and municipalities classification is emanating from the operational costs paid to the accredited municipalities due to their performance in the service delivery.

Explanation of variance: Over expenditure in Departmental agencies and accounts classification is mainly due to maintenance and repairs of housing properties relating to Programme 4.

Explanation of variance: Under expenditure in Households is mainly from the FLISP programme due to the fact that beneficiaries of this programme are unable to afford bond repayments due to amongst others the economic situations. The department is in consultation with various stakeholders to address challenges in relation to this programme.

Explanation of variance: Under expenditure in Buildings and other fixed structures relates to Social and Economic Amenities programmes. The cluster BC&D in Umkhanyakude, Amajuba and Umgungundlovu contractors have been terminated due to non-performance. The department is currently in the process of finalising a new implementation strategy on this programme.

Explanation of variance: over expenditure in Machinery and equipment is due to the purchase of additional desktops and laptops for the staff as well as extra storage server.

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Human Settlements Development Grant	3,543,852	3,543,852	-	-
EPWP	6,580	6,058	522	8

Explanation of variance: Under expenditure in EPWP grant is due to slow movements in the implementation of the recruitment process. The Department has started with the programme and the expenditure started incurring as from the month of August.

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
Revenue			
Annual appropriation	1	4,131,347	3,858,443
Departmental revenue	2	168,075	28,920
Total revenue		4,299,422	3,887,363
Expenditure			
Current expenditure			
Compensation of employees	3	266,232	239,766
Goods and services	4	123,128	123,151
Interest and rent on land	5	-	1
Total current expenditure		389,360	362,918
Transfers and subsidies			
Transfers and subsidies	7	3,726,625	3,429,908
Total transfers and subsidies		3,726,625	3,429,908
Expenditure for capital assets			
Tangible assets	8	14,755	79,210
Intangible assets	8	-	379
Total expenditure for capital assets		14,755	79,589
Payments for financial assets	6	285	763
Total expenditure		4,131,025	3,873,178
Surplus for the year		168,397	14,185
Reconciliation of Net Surplus for the year			
Voted funds		322	(14,735)
Annual appropriation		(200)	(10,878)
Conditional grants		522	(3,857)
Departmental revenue	13	168,075	28,920
Surplus for the year		168,397	14,185

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
Assets			
Current assets		27,844	22,409
Unauthorised expenditure	9	20,313	14,730
Cash and cash equivalents	10	4	4
Receivables	11	7,527	7,675
Non-current assets		589	330
Receivables	11	589	330
Total assets		28,433	22,739
Liabilities			
Current liabilities		27,945	22,331
Voted funds to be surrendered to the Revenue Fund	12	(302,472)	(236,000)
Departmental revenue to be surrendered to the Revenue Fund	13	6,936	162
Bank overdraft	14	311,310	246,823
Payables	15	12,171	11,346
Total liabilities		27,945	22,331
Net assets		488	408
Represented by:			
Recoverable revenue		488	408
Total		488	408

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
Recoverable revenue			
Opening balance		408	773
Transfers:		80	(365)
Irrecoverable amounts written off		(35)	(117)
Debts recovered		(185)	(605)
Debts raised		300	357
Closing balance		488	408

CASH FLOW STATEMENT
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
Cash flows from operating activities			
Receipts		3,991,045	3,651,314
Annual appropriated funds received	1.1	3,822,970	3,622,443
Departmental revenue received	2	165,901	28,298
Interest received	2.2	2,174	573
Net (increase)/decrease in working capital		(4,869)	79,269
Surrendered to Revenue Fund		74,699	(64,378)
Current payments		(383,777)	(348,182)
Interest paid	5	-	(1)
Payments for financial assets		(285)	(763)
Transfers and subsidies paid		(3,726,625)	(3,429,908)
Net cash flow available from operating activities	16	(49,812)	(112,649)
Cash flows from investing activities			
Payments for capital assets	8	(14,755)	(79,589)
Proceeds from sale of capital assets	2.3	-	49
Increase in loans		-	(32)
Net cash flows from investing activities		(14,755)	(79,572)
Cash flows from financing activities			
Increase/(decrease) in net assets		80	(365)
Net cash flows from financing activities		80	(365)
Net decrease in cash and cash equivalents		(64,487)	(192,586)
Cash and cash equivalents at beginning of period		(246,819)	(54,233)
Cash and cash equivalents at end of period	17	(311,306)	(246,819)

ACCOUNTING POLICIES
for the year ended 31 March 2016

Summary of significant accounting policies

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

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

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

1 Basis of preparation

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

2 Going concern

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

3 Presentation currency

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

4 Rounding

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

5 Foreign currency translation

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

6 Comparative information

6.1 Prior period comparative information

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

6.2 Current year comparison with budget

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

7 Revenue

7.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

ACCOUNTING POLICIES
for the year ended 31 March 2016

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

8 Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.

Accrued expenditure payable is measured at cost.

ACCOUNTING POLICIES
for the year ended 31 March 2016

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9 Aid Assistance

9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10 Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11 Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

ACCOUNTING POLICIES
for the year ended 31 March 2016

12 Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.

13 Investments

Investments are recognised in the statement of financial position at cost.

14 Financial assets**14.1 Financial assets**

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.

At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

14.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

15 Payables

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

16 Capital Assets**16.1 Immovable capital assets**

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 are recorded at R1.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

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

16.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

ACCOUNTING POLICIES
for the year ended 31 March 2016

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 are recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Biological assets are subsequently carried at fair value.

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

16.3 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 are recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

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

17 Provisions and Contingents

17.1 Provisions

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

17.2 Contingent liabilities

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

17.3 Contingent assets

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

ACCOUNTING POLICIES
for the year ended 31 March 2016

17.4 Commitments

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

18 Unauthorised expenditure

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

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

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

19 Fruitless and wasteful expenditure

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

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

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

20 Irregular expenditure

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

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

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

21 Changes in accounting policies, accounting estimates and errors

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

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

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

ACCOUNTING POLICIES
for the year ended 31 March 2016

22 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23 Principal-Agent arrangements

All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

24 Departures from the MCS requirements

Where applicable, that management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure has been stated in the applicable note.

25 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

26 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

27 Related party transactions

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

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

28 Inventories

At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements

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

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

ACCOUNTING POLICIES
for the year ended 31 March 2016

29 Public-Private Partnerships

Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

1. Annual Appropriation**1.1 Annual Appropriation**

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

Programmes	2015/16			2014/15	
	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Final Appropriation R'000	Appropriation received R'000
Administration	195,128	195,128	-	184,394	184,394
Housing Needs, Research and Planning	17,209	17,209	-	14,955	14,955
Housing Development	3,679,773	3,371,396	308,377	3,510,564	3,274,564
Housing Assets Management, Property Management	239,237	239,237	-	148,530	148,530
Total	4,131,347	3,822,970	308,377	3,858,443	3,622,443

Funds appropriated by the National Department of Human Settlements (after the 2nd budget estimate), was not received by 31 March 2016.

1.2 Conditional grants

	Note	2015/16 R'000	2014/15 R'000
Total grants received	31	<u>3,550,432</u>	<u>3,509,045</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
2. Departmental revenue			
Sales of goods and services other than capital assets	2.1	700	813
Interest, dividends and rent on land	2.2	2,174	573
Sale of capital assets	2.3	-	49
Transactions in financial assets and liabilities	2.4	165,201	27,485
Departmental revenue collected		<u>168,075</u>	<u>28,920</u>
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department	2		
Sales by market establishment		700	192
Other sales		-	621
Total		<u>700</u>	<u>813</u>
2.2 Interest, dividends and rent on land			
Interest	2	2,174	573
Total		<u>2,174</u>	<u>573</u>
2.3 Sale of capital assets			
Tangible assets	2	-	49
Machinery and equipment		-	49
Total		<u>-</u>	<u>49</u>
2.4 Transactions in financial assets and liabilities			
Other Receipts including Recoverable Revenue	2	165,201	27,485
Total		<u>165,201</u>	<u>27,485</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
3. Compensation of employees			
3.1 Salaries and Wages			
Basic salary		185,296	166,463
Performance award		3,099	3,289
Service Based		392	274
Compensative/circumstantial		1,395	1,513
Periodic payments		4,933	5,522
Other non-pensionable allowances		42,950	38,284
Total		238,065	215,345
3.2 Social contributions			
Employer contributions			
Pension		18,340	16,931
Medical		9,785	7,451
Bargaining council		42	39
Total		28,167	24,421
Total compensation of employees		266,232	239,766
Average number of employees		484	621

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
4. Goods and services			
Administrative fees		513	652
Advertising		2,031	2,349
Minor assets	4.1	2,811	737
Bursaries (employees)		122	230
Catering		2,787	5,217
Communication		8,573	7,694
Computer services	4.2	16,841	9,681
Consultants: Business and advisory services		2,596	5,136
Infrastructure and planning services		1,370	1,561
Laboratory services		-	-
Scientific and technological services		-	-
Legal services		3,613	3,650
Contractors		3,032	2,325
Agency and support / outsourced services		85	798
Entertainment		-	-
Audit cost – external	4.3	6,262	5,938
Fleet services		4,209	4,972
Inventory	4.4	740	386
Consumables	4.5	1,623	2,073
Housing		-	-
Operating leases		20,467	21,911
Property payments	4.6	23,902	17,143
Rental and hiring		1,032	2,836
Transport provided as part of the departmental activities		698	3,402
Travel and subsistence	4.7	13,019	15,324
Venues and facilities		1,694	4,544
Training and development		2,892	1,602
Other operating expenditure	4.8	2,216	2,990
Total		<u>123,128</u>	<u>123,151</u>
4.1 Minor assets			
Tangible assets	4		
Machinery and equipment		2,811	737
Total		<u>2,811</u>	<u>737</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
4.2 Computer services	4		
SITA computer services		14,128	7,470
External computer service providers		2,713	2,211
Total		16,841	9,681
4.3 Audit cost – External	4		
Regularity audits		6,262	5,938
Performance audits		-	-
Investigations		-	-
Environmental audits		-	-
Computer audits		-	-
Total		6,262	5,938
4.4 Inventory	4		
Clothing material and accessories		24	-
Food and food supplies		48	43
Learning, teaching and support material		288	-
Materials and supplies		380	343
Total		740	386
4.5 Consumables	4		
Consumable supplies		506	529
Uniform and clothing		400	214
Household supplies		20	159
Building material and supplies		13	-
IT consumables		19	102
Other consumables		54	54
Stationery, printing and office supplies		1,117	1,544
Total		1,623	2,073
4.6 Property payments	4		
Municipal services		5,696	6,084
Property maintenance and repairs		41	-
Other		18,165	11,059
Total		23,902	17,143
4.7 Travel and subsistence	4		
Local		13,019	15,324
Total		13,019	15,324

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
4.8 Other operating expenditure	4		
Professional bodies, membership and subscription fees		13	5
Resettlement costs		290	1,543
Other		1,913	1,442
Total		<u>2,216</u>	<u>2,990</u>
5. Interest and rent on land			
Interest paid		-	1
Total		<u>-</u>	<u>1</u>
6. Payments for financial assets			
Debts written off		285	763
Total		<u>285</u>	<u>763</u>
Debts written off			
Out of service		25	93
Amakhosi Housing Programme		260	-
Overpayment of Supplier		-	670
Total debt written off		<u>285</u>	<u>763</u>
7. Transfers and subsidies			
Provinces and municipalities	Annex 1A	163,156	68,457
Departmental agencies and accounts	Annex 1B	259,644	145,302
Households	Annex 1C	3,303,825	3,216,149
Total		<u>3,726,625</u>	<u>3,429,908</u>
Unspent funds transferred to the above beneficiaries		376,649	554,155
8. Expenditure for capital assets			
Tangible assets			
Buildings and other fixed structures	30	6,170	67,455
Machinery and equipment	28	8,585	11,755
Intangible assets			
Software		-	379
Total		<u>14,755</u>	<u>79,589</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

8.1 Analysis of funds utilised to acquire capital assets – 2015/16

	Voted funds R'000	Total R'000
Tangible assets		
Buildings and other fixed structures	6,170	6,170
Machinery and equipment	8,585	8,585
Total	14,755	14,755

8.2 Analysis of funds utilised to acquire capital assets – 2014/15

	Voted funds R'000	Total R'000
Tangible assets		
Buildings and other fixed structures	67,455	67,455
Machinery and equipment	11,755	11,755
Intangible assets		
Software	379	379
Total	79,589	79,589

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
9. Unauthorised expenditure			
9.1 Reconciliation of unauthorised expenditure			
Opening balance		14,730	46,651
Unauthorised expenditure – discovered in current year		5,583	14,735
Less: Amounts approved by Legislature with funding		-	(46,656)
Closing balance		20,313	14,730
Analysis of awaiting authorisation per economic classification			
Capital		3,132	-
Current		-	-
Transfers and subsidies		17,181	14,730
Total		20,313	14,730
9.2 Analysis of unauthorised expenditure awaiting authorisation per type			
Unauthorised expenditure relating to overspending of the vote or a main division within a vote		20,313	14,730
Total		20,313	14,730
9.3 Details of unauthorised expenditure – current year			
Incident	Disciplinary steps taken/criminal proceedings	2015/16 R'000	
Programme 1	Purchase of additional computers	3,132	
Programme 4	Maintenance of Housing fund properties	2,451	
Total		5,583	
10. Cash and cash equivalents			
Cash on hand		4	4
Total		4	4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

11. Receivables

	Note	Current R'000	2015/16 Non- current R'000	Total R'000	Current R'000	2014/15 Non- current R'000	Total R'000
Claims recoverable	11.1	144	-	144	264	-	264
Staff debt	11.2	335	311	646	263	330	593
Other debtors	11.3	7,048	278	7,326	7,148	-	7,148
Total		7,527	589	8,116	7,675	330	8,005

	Note	2015/16 R'000	2014/15 R'000
11.1 Claims recoverable	11 and Annex 3		
National departments		-	4
Provincial departments		144	260
Total		144	264
11.2 Staff debt	11		
Salary		224	517
Bursary		39	23
Other		383	53
Total		646	593
11.3 Other debtors	11		
Salary: Tax Debt		35	43
KwaZulu-Natal Housing Fund		-	2,574
Supplier Overpayment		278	261
Salary: Reversal		4	3
Disallowance Miscellaneous		7,009	4,156
Other		-	111
Total		7,326	7,148

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
11.4 Impairment of receivables			
Estimate of impairment of receivables		78	295
Total		78	295
12. Voted funds to be surrendered to the Revenue Fund			
Opening balance		(236,000)	31,368
Transfer from statement of financial performance		322	(14,735)
Add: Unauthorised expenditure for current year	9	5,583	14,735
Voted funds not received	1.1	(308,377)	(236,000)
Paid during the year		236,000	(31,368)
Closing balance		(302,472)	(236,000)
13. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		162	4,252
Transfer from Statement of Financial Performance		168,075	28,920
Paid during the year		(161,301)	(33,010)
Closing balance		6,936	162
14. Bank Overdraft			
Consolidated Paymaster General Account		311,310	246,823
Total		311,310	246,823
15. Payables – current			
Amounts owing to other entities		689	-
Advances received	15.1	11,286	11,286
Clearing accounts	15.2	196	60
Total		12,171	11,346
15.1 Advances received	15 & Ann 7		
National department		11,286	11,286
Total		11,286	11,286
15.2 Clearing accounts	15		
Description			
Salary related		196	60
Total		196	60

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
16. Net cash flow available from operating activities			
Net surplus as per Statement of Financial Performance		168,397	14,185
Add back non cash/cash movements not deemed operating activities		(218,209)	(126,834)
(Increase)/decrease in receivables – current		(111)	39,977
Decrease in other current assets		-	46,656
Increase in payables – current		825	7,371
Proceeds from sale of capital assets		-	(49)
Expenditure on capital assets		14,755	79,589
Surrenders to Revenue Fund		74,699	(64,378)
Voted funds not received		(308,377)	(236,000)
Net cash flow generated by operating activities		(49,812)	(112,649)
17. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		(311,310)	(246,823)
Cash on hand		4	4
Total		(311,306)	(246,819)
18. Contingent liabilities and contingent assets			
18.1 Contingent liabilities			
Liable to	Nature		
Housing loan guarantees	Employees	Annex 2A	14
		-	
Claims against the department		Annex 2B	346,465
		423,163	
Intergovernmental payables (unconfirmed balances)		Annex 4	256
		25,305	
Total		448,468	346,735

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
19. Commitments			
Current expenditure			
Approved and contracted		44,574	26,884
Approved but not yet contracted		<u>26,188</u>	<u>165,129</u>
		70,762	192,013
Capital expenditure			
Approved and contracted		16,168,600	14,673,388
Approved but not yet contracted		<u>256,834</u>	<u>2,838,968</u>
		16,425,434	17,512,356
Total Commitments		<u>16,496,196</u>	<u>17,704,369</u>

Most commitments are of a long term nature.

20. Accruals and payables not recognised

20.1 Accruals

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	3,699	237	3,936	-
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	-
Capital assets	-	-	-	-
Other	-	-	-	-
Total	<u>3,699</u>	<u>237</u>	<u>3,936</u>	<u>-</u>

Listed by programme level

Programme 1	1,910	-
Programme 2	1,406	-
Programme 3	505	-
Programme 4	115	-
Total	<u>3,936</u>	<u>-</u>

Rental agreements were not signed at year-end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
20.2 Payables not recognised			
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	15,039	1,385	16,424
Interest and rent on land	-	-	-
Transfers and subsidies	203,707	76,344	280,051
Capital assets	-	-	457
Other	-	-	-
Total	218,746	77,729	296,475
			Total
			166,507
			-
			359,019
			457
			-
			525,983
Listed by programme level			
Programme 1			7,848
Programme 2			542
Programme 3			281,903
Programme 4			6,182
Total			296,475
			525,983
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 4	4,598	16,279
Total		4,598	16,279
21. Employee benefits			
Leave entitlement		17,394	14,999
Service bonus (Thirteenth cheque)		7,258	6,612
Performance awards		85	-
Capped leave commitments		29,965	28,653
Other		-	-
Total		54,702	50,264

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

22. Lease commitments**22.1 Operating leases expenditure**

2015/16	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	15,813	716	16,529
Later than 1 year and not later than 5 years	6,396	390	6,786
Later than five years	-	-	-
Total lease commitments	22,209	1,106	23,315

2014/15	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	6,930	650	7,580
Later than 1 year and not later than 5 years	4,824	405	5,229
Later than five years	-	-	-
Total lease commitments	11,754	1,055	12,809

22.2 Finance leases expenditure

2015/16	Machinery and equipment	Total
Not later than 1 year	4,753	4,753
Later than 1 year and not later than 5 years	914	914
Later than five years	-	-
Total lease commitments	5,667	5,667

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

22.2 Finance leases expenditure - continued

2014/15	Machinery and equipment	Total
Not later than 1 year	1,019	1,019
Later than 1 year and not later than 5 years	182	182
Later than five years	-	-
Total lease commitments	1,201	1,201

Note	2015/16 R'000	2014/15 R'000
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23. Accrued departmental revenue

Transactions in financial assets and liabilities	13,302	13,707
Total	13,302	13,707

23.1 Analysis of accrued departmental revenue

Opening balance	13,707	13,698
Less: amounts received	(885)	(1,692)
Add: amounts recognised	480	1,701
Less: amounts written-off	-	-
Closing balance	13,302	13,707

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
24. Irregular expenditure			
24.1 Reconciliation of irregular expenditure			
Opening balance		411,893	412,611
Add: Irregular expenditure – relating to current year		6,407	190
Less: Prior year amounts condoned		-	(633)
Less: Amounts not condoned and not recoverable		-	(275)
Closing balance		418,300	411,893
Analysis of awaiting condonation per age classification			
Current year		6,407	190
Prior years		411,893	411,703
Total		418,300	411,893
24.2 Details of irregular expenditure – current year			
Incident	Disciplinary steps taken/criminal proceedings		2015/16 R'000
Competitive bidding not followed	These cases relates to contracts that was declared irregular in prior years		1,907
Competitive bidding not followed			4,500
Total			6,407
24.3 Details of irregular expenditure condoned			
Incident	Condoned by		2015/16 R'000
			-
Total			-
24.4 Details of irregular expenditures under investigation			
Incident			2015/16 R'000
3 Quotes not requested			207
Competitive bidding not followed			418,093
Total			418,300

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
25. Fruitless and wasteful expenditure			
25.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		1,310	1,309
Fruitless and wasteful expenditure – relating to current year		-	1
Less: Amounts resolved		-	-
Less: Amounts transferred to receivables for recovery		-	-
Closing balance		<u><u>1,310</u></u>	<u><u>1,310</u></u>
25.2 Analysis of awaiting resolution per economic classification			
Current		1,310	1,310
Capital		-	-
Transfers and subsidies		-	-
Total		<u><u>1,310</u></u>	<u><u>1,310</u></u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
26. Related party transactions			
Payments made			
Goods and services		18,750	20,266
Interest and rent on land		-	-
Expenditure for capital assets		-	-
Payments for financial assets		-	-
Transfers		241,646	143,664
Total		260,396	163,930
Receivables from related parties		-	2,574
Payables to related parties		4,924	-
Total		4,925	2,574
Other			
Expenditure applicable to related parties			
KwaZulu-Natal Housing Fund – managed by same MEC and HOD		241,646	143,664
KwaZulu-Natal Department of Public Works – Same MEC		18,750	20,266
Total		260,396	163,930
		2015/16 R'000	
In kind goods and services provided/received			
The Department of Human Settlements provides administrative and management services to the KwaZulu-Natal Housing Fund.			
- Shared Services		6,189	
The Department of Human Settlements occupies 4 buildings owned by the Department of Public Works at no charge (estimated benefit to the Department)		5,280	
Total		11,469	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
27. Key management personnel			
	No. of Individuals		
Officials:			
Level 15 to 16	3	4,172	3,849
Level 14	5	4,433	4,492
Total		8,605	8,341

28. Movable tangible capital assets
Movement in movable tangible capital assets per asset register for the year ended 31 March 2016

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Machinery and equipment	54,747	-	9,954	2,450	62,251
Transport assets	31,487	-	-	-	31,487
Computer equipment	17,299	-	8,652	1,001	24,950
Furniture and office equipment	5,712	-	1,302	1,449	5,565
Other machinery and equipment	249	-	-	-	249
Total movable tangible capital assets	54,747	-	9,954	2,450	62,251

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

28.1 Additions

Additions to movable tangible capital assets per asset register for the year ended 31 March 2016

	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
Machinery and equipment	8,585	-	-	1,369	9,954
Transport assets	-	-	-	-	-
Computer equipment	7,346	-	-	1,306	8,652
Furniture and office equipment	1,239	-	-	63	1,302
Other machinery and equipment	-	-	-	-	-
Total additions to movable tangible capital assets	8,585	-	-	1,369	9,954

28.2 Disposals

Disposals of movable tangible capital assets per asset register for the year ended 31 March 2016

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
Machinery and equipment	28	2,422	2,450	4
Transport assets	-	-	-	-
Computer equipment	-	1,001	1,001	-
Furniture and office equipment	28	1,421	1,449	4
Other machinery and equipment	-	-	-	-
Total disposal of movable tangible capital assets	28	2,422	2,450	4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

28.3 Movement for 2014/15**Movement in tangible capital assets per asset register for the year ended 31 March 2015**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment	44,442	-	12,136	1,831	54,747
Transport assets	24,130	-	7,713	356	31,487
Computer equipment	14,057	-	3,242	-	17,299
Furniture and office equipment	6,012	-	1,175	1,475	5,712
Other machinery and equipment	243	-	6	-	249
Total movable tangible capital assets	44,442	-	12,136	1,831	54,747

28.4 Minor assets**Movement in minor assets per the asset register for the year ended as at 31 March 2016**

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	471	5,832	6,303
Value adjustments	-	-	-
Additions	-	849	849
Disposals	-	561	561
Total minor assets	471	6,120	6,591

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	4,032	4,032
Number of minor assets at cost	234	4,298	4,532
Total number of minor assets	234	8,330	8,564

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Movement in minor assets per the asset register for the year ended as at 31 March 2015

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	471	5,533	6,004
Prior period error	-	-	-
Additions	-	757	757
Disposals	-	458	458
Total minor assets	471	5,832	6,303

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	6,178	6,178
Number of minor assets at cost	234	4,173	4,407
Total number of minor assets	234	10,351	10,585

28.5 Movable assets written off

Movable assets written off for the year ended as at 31 March 2016

	Machinery and equipment R'000	Total R'000
Assets written off	2,447	2,447
Total movable assets written off	2,447	2,447

Movable assets written off for the year ended as at 31 March 2015

	Machinery and equipment R'000	Total R'000
Assets written off	500	500
Total movable assets written off	500	500

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

29. Intangible Capital Assets**Movement in intangible capital assets per asset register for the year ended 31 March 2016**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	2,354	-	443	-	2,797
Total intangible capital assets	2,354	-	443	-	2,797

29.1 Additions**Additions to intangible capital assets per asset register for the year ended 31 March 2016**

	Cash R'000	Non-Cash R'000	(Develop- ment work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
Software	443	-	-	-	443
Total additions to intangible capital assets	443	-	-	-	443

29.2 Movement for 2014/15**Movement in intangible capital assets per asset register for the year ended 31 March 2015**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	1,986	-	379	11	2,354
Total intangible capital assets	1,986	-	379	11	2,354

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

30. Immovable tangible capital assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2016

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
Buildings and other fixed structures	76	-	-	-	76
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	76	-	-	-	76
Total immovable tangible capital assets	76	-	-	-	76

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

30.1 Additions

Additions to immovable tangible capital assets per asset register for the year ended 31 March 2016

	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
Building and other fixed structures	6,170	-	(6,170)	-	-
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	6,170	-	(6,170)	-	-
Total additions to immovable tangible capital assets	6,170	-	(6,170)	-	-

30.2 Movement for 2014/15

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2015

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Buildings and other fixed structures	76	-	-	-	76
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	76	-	-	-	76
Total immovable tangible capital assets	76	-	-	-	76

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

31. Statement of conditional grants received

Name of department	Grant allocation						Spent			2014/15	
	Division of Revenue Act/ Provincial Grants R'000	Roll Overs R'000	DORA Adjustments R'000	Other Adjustments R'000	Total Available R'000	Amount received by department R'000	Amount spent by department R'000	Under / (Overspending) R'000	% of available funds spent by department	Division of Revenue Act R'000	Amount spent by department R'000
Integrated Housing and Human Settlement Development Grant	3,235,475	-	308,377	-	3,543,852	3,543,852	3,543,852	-	100	3,509,045	3,512,902
EPWP incentive Grant	6,580	-	-	-	6,580	6,580	6,058	522	92	-	-
Total	3,242,055	-	308,377	-	3,550,432	3,550,432	3,549,910	522		3,509,045	3,512,902

We hereby certify that all monies allocated to the Department of Human Settlements in respect of the above mentioned grants we deposited into the Departments primary bank account.

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

These supporting annexures are not audited and are disclosed for information purposes only.

**Annexure 1A
Statement of conditional grants and other transfers paid to municipalities**

Name of municipality	Grant allocation			Transfer			Spent			2014/15 Division of Revenue Act	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available	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		% of available funds spent by municipality %
eThekweni		122,416	-	122,416	-	-	-	132,403	132,403	-	42,910
Hibiscus Coast		1,806	-	1,806	-	-	-	3,603	3,603	-	-
Msunduzi		17,201	-	17,201	-	-	-	12,581	12,581	-	11,181
Emnambithi/Ladysmith		729	-	729	-	-	-	1,203	1,203	-	734
Newcastle		2,188	-	2,188	-	-	-	4,560	4,560	-	3,028
uMhlatuze		1,317	-	1,317	-	-	-	4,246	4,246	-	2,293
KwaDukuza		3,084	-	3,084	-	-	-	4,456	4,456	-	6,010
Umdoni		-	-	-	-	-	-	-	-	-	426
uMngeni		-	-	-	-	-	-	-	-	-	8
uMshezi		-	-	-	-	-	-	-	-	-	3
Msinga		-	-	-	-	-	-	-	-	-	78
Ulundi		-	-	-	-	-	-	-	-	-	1,572
Mandeni		-	-	-	-	-	-	-	-	-	74
Other		280	-	280	-	-	-	104	104	-	140
Total		149,021	-	149,021	-	-	-	163,156	163,156	-	68,457

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

**Annexure 1B
Statement of transfers to departmental agencies and accounts**

Department/ agency/ account	Transfer allocation				Transfer		2014/15 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Public Sector SETA	-	-	-	-	-	-	705
KwaZulu-Natal Housing Fund	239,145	-	-	239,145	241,644	101	143,665
Social Housing Regulatory Authority	-	-	-	-	-	-	932
Housing Development Agency	18,000	-	-	18,000	18,000	100	-
Total	257,145	-	-	257,145	259,644	-	145,302

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

**Annexure 1C
Statement of transfers to households**

Households	Transfer allocation			Expenditure		2014/15 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Transfers						
Project linked	653,885	-	49,102	702,987	634,438	90
Individuals	81,603	-	-	81,603	34,877	43
Institutional	157,398	-	-	157,398	159,036	101
Rural Support	1,328,312	-	189,864	1,518,176	1,617,153	107
Emergency Support	161,583	-	19,448	181,031	172,378	95
Informal Settlements	330,483	-	1,673	332,156	312,387	94
Peoples Housing Process	290,867	-	48,290	339,157	370,940	109
Other	1,024	-	-	1,024	1,605	157
Claims against the State	2	-	-	2	3	150
Consolidation	3,128	-	-	3,128	1,008	32
Total	3,008,285	-	308,377	3,316,662	3,303,825	100

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

**Annexure 1D
Statement of gifts, donations and sponsorships received**

Name of organisation	Nature of gift, donation or sponsorship	2015/16	2014/15
		R'000	R'000
Received in kind			
Data Centrix	Key ring, torches and pens	3	-
Three Cities, Riverside Hotel	Accommodation voucher	1	-
Holiday Inn, Umhlanga	Accommodation vouchers	4	-
Siyavaya Tours	Gift packs	4	-
NHBRC	Vouchers and laptop	33	-
Housing Development Agency	3 Mini iPad	15	-
First Metro Housing	Hard hats for assessment teams	1	-
DSL Consulting Engineering	Reflective jackets for assessment teams	2	-
KZN Ezemvelo Wildlife	Accommodation vouchers	4	-
KGJ Productions	Beaded S.A Flags	5	-
Total		72	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Annexure 1E
Statement of gifts, donations and sponsorships made

Nature of gift, donation or sponsorship	2015/16	2014/15
	R'000	R'000
Made in kind		
School and boarding fees (Arthur Blaxall School for the Blind) - Siyabonga Mthembu - OSS beneficiary	11	-
Re-imbursment of purchase of food parcels - OSS - disaster intervention - Mitubatuba	1	-
Career Expo - rural schools - branded materials	49	-
Uniforms - 50 pupils - Amandawe Junior Primary	27	-
Uniforms - 44 pupils - Kwahluzingqondo High	25	-
Uniforms - 50 pupils - Shonkweni Combined Primary	30	-
Ugu District - 20 laptops to under privileged students	-	109
uMzimkhulu Municipality - sports equipment for 16 days of activism against woman and child abuse	-	24
KZN Children's Hospital Trust - Madiba Day Celebrations	-	2
Vuindlela Housing Project - Presidential Imbizo - Donations of Crockery and Cutlery	-	1
Total	143	136

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

**Annexure 2A
Statement of financial guarantees issued as at 31 March 2016 – local**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2015	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2016	Guaranteed interest for year ended 31 March 2016	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA	Housing	-	14	-	14	-	-	-	-
Total		-	14	-	14	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Annexure 2B
Statement of contingent liabilities as at 31 March 2016

Nature of Liability	Opening Balance 1 April 2015 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2016 R'000
Claims against the department					
Breach of Contract	188,200	1,083	-	-	189,284
Services Rendered	78,002	70,543	-	-	148,545
Arbitration	80,263	5,072	-	-	85,334
Total	346,465	76,698	-	-	423,163

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

**Annexure 3
Claims recoverable**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2015/16	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
COGTA – KZN	125	-	-	260	125	260	-	-
Public Works – National	-	4	-	-	-	4	-	-
Public Works – KZN	19	-	-	-	19	-	-	-
Total	144	4	-	260	144	264	-	-

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016**

**Annexure 4
Inter-government payables**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2015/16 Payment date up to six (6) working days before year end	Amount R'000
	31/03/2016 R'000	31/03/2015 R'000	31/03/2016 R'000	31/03/2015 R'000	31/03/2016 R'000	31/03/2015 R'000		
Department Current								
Transport - KZN	39	-	6	24	45	24	-	-
Justice and Constitutional Development	138	53	-	-	138	53	-	-
Public Works - KZN	4,235	16,206	25,299	232	29,534	16,438	-	-
Health - KZN	-	1	-	-	-	1	-	-
Government Printing Works	111	19	-	-	111	19	-	-
Agriculture and Rural Development - KZN	21	-	-	-	21	-	-	-
Human Settlements - Western Cape	1	-	-	-	1	-	-	-
Arts and Culture - KZN	22	-	-	-	22	-	-	-
COGHSTA - Limpopo	31	-	-	-	31	-	-	-
Total	4,598	16,279	25,305	256	29,903	16,535	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
Annexure 5			
Inventories			
Opening balance		211,202	115,808
Add: Purchases - Cash		2,781,496	2,989,955
(Less): Issues		<u>(2,693,313)</u>	<u>(2,894,561)</u>
Closing balance		<u>299,385</u>	<u>211,202</u>

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Annexure 6
Movement in capital work in progress

Movement in capital work in progress for the year ended 31 March 2016

	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
Buildings and other fixed structures	239,753	6,170	-	245,923
Dwellings	8,651	-	-	8,651
Other fixed structures	231,102	6,170	-	237,272
Total	239,753	6,170	-	245,923

Movement in capital work in progress for the year ended 31 March 2015

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP uR'000	Completed Assets R'000	Closing balance R'000
Buildings and other fixed structures	172,298	-	67,455	-	239,753
Dwellings	8,651	-	-	-	8,651
Other fixed structures	163,647	-	67,455	-	231,102
Total	172,298	-	67,455	-	239,753

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Annexure 7
Inter-entity advances received (note 15)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
National departments						
Current						
Military Veterans	11,286	11,286	-	-	11,286	11,286
Total	11,286	11,286	-	-	11,286	11,286



FINANCIAL INFORMATION:
KWAZULU-NATAL
HOUSING FUND

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE HOUSING FUND

Report on the financial statements

Introduction

1. I have audited the financial statements of the Housing Fund set out on pages 232 to 264, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Housing Fund as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 16 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 2015-16 in the financial statements of the Housing Fund at, and for the year ended, 31 March 2015.

Material impairments

9. As disclosed in note 4.1 to the financial statements, material losses to the amount of R53,3 million (2015:R20,5million) were incurred as a result of the write-off of irrecoverable receivables in terms of the enhance extended discount benefit scheme policy.

Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to raise reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for Programme 4 - Housing assets management and property management on pages 227 to 229 presented in the annual performance report of the entity for the year ended 31 March 2016:
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programme. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for programme 4 - Housing assets management and property management.

Additional matter

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programme I draw attention to the following matter:

Achievement of planned targets

16. The annual performance report on pages 60 to 63 present information on the achievement of planned targets for the year

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for programme 4 - housing assets management and property management. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

18. I performed procedures to obtain evidence that the fund had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Financial statements

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA. Material misstatements of non-current assets, expenditure and 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

20. Goods and services of a transaction value of more than R500 000 were procured without inviting competitive bids, as required by treasury regulation (TR) 16A6.1. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of TR 16A6.4.

Expenditure management

21. Effective steps were not taken to prevent irregular expenditure amounting to R6,2 million as disclosed in note 19 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

Internal control

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

23. Leadership did not adequately exercise oversight responsibility regarding the preparation of the financial statements as material misstatements were identified which were subsequently corrected.

Financial and performance management

24. Management did not implement adequate controls to ensure that the financial statements were prepared in accordance with SA Standards of GRAP and were supported by regular, accurate and complete financial reports.

Governance

25. The financial and performance review process performed by internal audit did not adequately address the accuracy and completeness of financial and performance reports resulting in material misstatements and non-compliance with legislation. The majority of the internal audit reports were received in the last quarter of the financial year.

Auditor - General

Pietermaritzburg

29 July 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

GENERAL INFORMATION
for the year ended 31 March 2016

Domicile:

- Physical address : Old Mutual Building
203 Church Street
Pietermaritzburg
3201
- Postal address : Private bag X9157
Pietermaritzburg
3200

Legal form:

- The KwaZulu-Natal Housing Fund is an unlisted public entity in terms of Section 47 (2) of the Public Finance Management Act, 1999, (Act No. 1 of 1999).

Jurisdiction:

- Province of KwaZulu-Natal.

Entities operations and principal activities:

- Is to maintain the properties that are owned by the KwaZulu-Natal Housing Fund;
- Is to dispose of its properties, by:
 - promoting home ownership in term of the Enhanced Extended Discount Benefit scheme (EEDBS); and
 - devolving properties in terms of the Housing Act, 1997 (Act, 107 of 1997).

Legislation governing the entity's operations:

- Constitution of the Republic of South Africa, 1996, (Act, No 108 of 1996);
- Housing Act, 1997 (Act, 107 of 1997);
- KwaZulu-Natal Housing Act, 1998 (Act No. 12 of 1998 as Amended); and
- Public Finance Management Act, 1999 (Act No. 1 of 1999).

Controlling Entity:

- The KwaZulu-Natal Housing Fund is administered by the KwaZulu-Natal Department of Human Settlements (Vote 8).

PERFORMANCE INFORMATION
for the year ended 31 March 2016

PROGRAMME 4: HOUSING ASSETS MANAGEMENT, PROPERTY MANAGEMENT

This programme co-ordinates the maintenance of the departmental rental housing stock, the refurbishment of the old hostels and the conversion thereof to community residential units, the rectification of units built prior to 1994 and the transfer of rental housing stock to qualifying beneficiaries in terms of the Enhanced Extended Discount Benefit Scheme (EEDBS).

The maintenance of the rental housing stock and the vacant land of the department is one of the key focus areas of Property Management. Whilst the rental stock is being suitably maintained, it is the intention to deplete the rental stock by implementing the rectification programme and intensifying the transfers of properties to qualifying beneficiaries in terms of the EEDBS.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme 4 strives to achieve the goal of “Improving the quality of delivery services” via the strategic objective “To fast track the transfer of title deeds to promote home ownership”, which is also a primary indicator in the PGDP. Although the process of rectification has gone well and the houses themselves are ready for transfer the following challenges exist:

- All Ethekwini R293 Towns have land legal issues requiring verification of township establishments/ underlying properties preventing movement of transfers. This is a lengthy process which has contributed to the delays in the transferring of units.
- Some Municipalities have not finalised the appointments of conveyancing attorneys.
- Some Municipalities have delayed issuing of clearance certificates as a result of unpaid/ outstanding Municipal debts.

Strategic objectives

Programme 4: Housing Assets Management, Property Management					
Strategic Objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
To fast track the transfer of title deeds to transfer ownership	639 transfers	1,359	655	(704)	<p>1. All Ethekwini R293 Towns have land legal issues requiring verification of township establishments/ underlying properties preventing movement of transfers. This is a lengthy process which has contributed to the delays in the transferring of units.</p> <p>2. Some Municipalities have not finalised the appointments of conveyancing attorney.</p> <p>3. Some Municipalities have delayed issuing of clearance certificates as a result of unpaid/ outstanding Municipal debts.</p>

PERFORMANCE INFORMATION
for the year ended 31 March 2016

Number of land parcels devolved

Programme 4: Housing Assets Management, Property Management					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Pre-1994 Rectification Number of units rectified and /or upgraded	2,082	1,087	2,094	1,007	The over-performance is due to previously pending works from 2014/2015 being completed following release of tranche funding to the eThekweni Municipality in the 2015/2016 financial year and also due to the municipality utilising its own funds and accelerating delivery.
Number of rental units sold to beneficiaries	-	-	-	-	No variance
Number of rental units transferred	639	1,359	655	(704)	<p>1. All Ethekewini R293 Towns have land legal issues requiring verification of township establishments/ underlying properties preventing movement of transfers. This is a lengthy process which has contributed to the delays in the transferring of units.</p> <p>2. Some Municipalities have not finalised the appointments of conveyancing attorney.</p> <p>3. Some Municipalities have delayed issuing of clearance certificates as a result of unpaid/ outstanding Municipal debts.</p>
Number of rental units devolved to Municipalities in terms of Section 15 of the Housing Act, 1997	-	-	-	-	The KZN Department of Human Settlements does not devolve individual rental units to municipalities.
Number of Debtors reduced per financial year	-	-	-	-	No variance.

PERFORMANCE INFORMATION
for the year ended 31 March 2016

Programme 4: Housing Assets Management, Property Management					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Number of land parcels devolved to municipalities in terms of section 15 of the Housing Act, 1997	-	16	-	(16)	The Department is currently challenged with the delays experiencing at the State Attorney's Office as a number of properties were sent to the State Attorney to effect endorsement's in the name of the Provincial Government of KwaZulu-Natal and thereafter transfer to Municipalities.
Number of units maintained	3,529	1,500	3,025	1,525	Currently the department provides maintenance for people living in properties in it's is name while they wait for transfer to occur. Prior to transfer occurring many of the houses require rectification prior to being transferred. Thus when rectification pre-1994 does not meet its targets the houses cannot be transferred and must continue to be maintained. This increases the number of units maintained.

Strategy to overcome areas of under performance

Underlying land issues and township establishment delays caused under delivery. The land needs to be consolidated onto one title deed and a township layout needs to be opened by the relevant municipality prior to a title deed being issued to a beneficiary. A database of skilled built environment specialists (inclusive of conveyancers) has been appointed to spearhead this project.

**REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND KWAZULU-NATAL
PROVINCIAL LEGISLATURE
for the year ended 31 March 2016**

1. General review of the state of financial affairs

The KwaZulu-Natal Housing Fund is dormant and receives no funding from the National Department of Human Settlements.

2. General

The Housing Act, Act no.107 of 1997 that governs the Housing Fund is currently in the process of being amended at a national level in order to dis-establish the National Housing Fund. Once the said act has been amended the KwaZulu-Natal Department of Housing will be in a position to amend the KwaZulu-Natal Housing Act 12 of 1998, to allow for the de-establishment (target date 31 March 2017) of the KwaZulu-Natal Housing Fund and to transfer all its assets and liabilities to the KwaZulu-Natal Department of Human Settlements.

The two consultants responsible for cleaning up the fund, took up contract posts in the fund. Their responsibilities are to ensure that the fund's activities are accurately maintained at all times.

The fund is on a drive to promote home ownership by marketing the Enhanced Extended Discount Benefit Scheme (EEDBS), which will facilitate the transfer of houses to the qualifying beneficiaries. The fund is currently negotiating a process of devolving the funds properties with respective municipalities in terms of Section 15 of the Housing Act, 1997 (Act No. 107 of 1997).

During the financial year there were no investigations relating to the KwaZulu-Natal Housing Fund, however the Fund is monitoring a criminal case against a former employee who was dismissed from service.

Scopa resolutions

Transversal resolutions applicable to KwaZulu-Natal Housing Fund:

**REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND KWAZULU-NATAL
PROVINCIAL LEGISLATURE
for the year ended 31 March 2016**

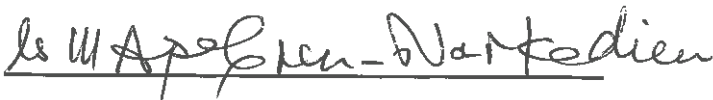
Resolution No.	Subject	Response by the Department	Action taken	Resolved (Yes / No)
154/2015	Transversal Resolution: Material Misstatements	<ul style="list-style-type: none"> a) Prior to preparation of the AFS, letters are issued to Management requesting information in this regard; b) These pertinent issues are also discussed at weekly Top Management Team meetings and monthly MANCO meetings; c) The Accounting Officer approves the information disclosed; and d) The AFS and working paper files are reviewed by the CFO prior to submission. 		Yes

3. Events after the reporting date

No significant events have occurred after the reporting date that will materially affect the information presented in the annual financial statements.

4. Approval

The attached annual financial statements set out in pages 232 to 264 have been approved by the Accounting Officer.



Ms. G. M. Apelgren-Narkedien
Accounting Officer
KwaZulu-Natal Housing Fund
Date: 27 July 2016

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000 Restated
REVENUE	2	3,242	4,356
OTHER REVENUE	3	305,318	182,930
TOTAL REVENUE		308,560	187,286
EXPENDITURE	4	333,694	217,080
NET DEFICIT FOR THE YEAR		(25,134)	(29,794)
TRANSFERRED TO ACCUMULATED FUNDS		25,134	29,794
		-	-

STATEMENT OF FINANCIAL POSITION
as at 31 March 2016

	Note	2015/16 R'000	2014/15 R'000 Restated
ASSETS			
Current assets		16,129	22,409
Inventory	4.6 / 18	3,016	3,229
Receivables from Exchange Transactions	6	7,085	8,841
Department of Human Settlements	9 / 17.2	689	-
Provincial Revenue Fund	7	5,339	10,339
Non-current assets		1,157,252	862,004
Land and Buildings	5 / 10	1,157,252	862,004
Total assets		1,173,381	884,413
LIABILITIES			
Current liability		7,002	17,325
Accounts Payable	8	7,002	14,751
Department of Human Settlements	9 / 17.2	-	2,574
TOTAL LIABILITY		7,002	17,325
NET ASSETS		1,166,379	867,088
Represented by:		1,166,379	867,088
Accumulated Funds		61,642	50,601
Non - Distributable Reserve		1,104,737	816,487
Total		1,166,379	867,088

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2016

Note	Revaluation Reserve R'000	Accumulated Surplus R'000	Total Net Assets R'000
Accumulated Funds			
Opening balance as previously reported	947,679	60,171	1,007,850
Prior year error	(131,901)	(3,599)	(135,500)
Fundamental error	14/16 (131,901)	(3,599)	(135,500)
Balance at 31 March 2015	815,778	56,572	872,350
As previously reported	947,679	60,171	1,007,850
Prior year error	(131,901)	(3,599)	(135,500)
Correction of incorrect disclosure of revaluation reserve realised on sale of properties	10,112	-	10,112
Transfer from LI Suspense	-	81	81
Transfer of receipts from closed accounts	-	249	249
Net deficit for the year transferred from statement of financial performance	-	(29,794)	(29,794)
Transfer of revaluation reserve realised on sale of properties	(10,112)	10,112	-
Fundamental error - trf to statement of financial performance	14,090	-	14,090
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve	(13,381)	13,381	-
Restated balance at 31 March 2015	816,487	50,601	867,088

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2016

Note	Revaluation Reserve R'000	Accumulated Surplus R'000	Total Net Assets R'000
Transfer of receipts from closed accounts	-	5	5
Net deficit for the year transferred from statement of financial performance	-	(25,134)	(25,134)
Revaluation adjustment	288,250	36,170	324,420
Current year revaluation	354,022	-	354,022
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve	(22,616)	22,616	-
Current year impairments	(29,602)	-	(29,602)
Transfer of revaluation reserve realised on sale of properties	(13,554)	13,554	-
Balance at 31 March 2016	1,104,737	61,642	1,166,379

CASH FLOW STATEMENT
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000 Restated
CASH FLOW UTILISED FOR OPERATING ACTIVITIES			
Receipts			
Debtors: -			
- Sold		1,260	1,813
- Rental		1,077	837
- Individual Loan		28	18
- Transfers received from Department of Human Settlements		241,644	143,664
Expenditure			
Payments			
- Clean-up of Housing Fund		1,743	-
- Commission on post office receipts		62	57
- Funded by Department of Human Settlements		241,644	143,664
- Rates written off - (EEDBS)		612	-
- Recoverable rates		1,703	1,520
- Recoverable maintenance		2	97
- Refunds		25	13
Net cash flows from operating activities		(1,782)	981
NET CASH FLOW FROM INVESTING ACTIVITIES			
Increase in Accumulated Funds		5	81
NET CASH FLOW FROM FINANCING ACTIVITIES			
Decrease/(increase) in clearing accounts	6.1	40	(253)
Decrease in Provincial Treasury		5,000	11,507
Decrease in Department of Human Settlements	9	(3,263)	(12,316)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2016

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55(1) (b) of the Public Finance Management Act, (Act No.1 of 1999 as amended by Act No. 29 of 1999). Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP. The accounting policies are applied consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for financial instruments that have been measured at fair value.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the fund.

1.3 Rounding

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

1.4 Comparative figures

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

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2016**

1.5 Revenue

1.5.1 Net Revenue

The net cash revenue received is surrendered to the Provincial Revenue Fund.

1.5.2 Revenue recognition

Represents interest charged on suspensive sale debtors at various rates, admin fees charged at a fixed and rental charged at a pre-determined formula.

Rentals are recognised on a straight-line basis over the term on the lease agreement. Interest earned on investments is recognised in the Statement of Financial Performance on the effective interest rate basis that takes into account the effective yield on the investment.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Fund has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Fund retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Fund; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Going concern assumption

These annual financial statements are prepared on the basis that the Fund will remain a going concern for the foreseeable future, although a national decision was made to disestablish the Provincial Housing Funds, however legislative changes to the National Housing Act, 1997 (Act no. 107 of 1997) have not been enacted to allow for the disestablishment of the Fund.

1.7 Impairment of financial assets

Annually an assessment is made as to whether there are any impairments of Financial Assets. If so, the recoverable amount is estimated and an impairment loss is recognised.

Debtors are stated at cost less any provision for impairment. The provision of 95 % is made of all debtors at year end. The reason for using 95 % is that history and trends have shown us that we only collect about 5 % of our debtors inclusive of the subsidy amount. The other factor of making a provision of 95 % is that a significant portion of our debtors are indigent and there are debtors who on approval of their EEDBS application cease to pay. We assess the recoverability of

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2016

debtors collectively after grouping the indigent and/or approved EEDBS debtors in financial asset groups with similar credit risk characteristics.

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets.

Loans and receivables are recognised initially at cost which represents fair value.

After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less provision for impairment. All classes of loans and receivables are separately assessed for impairment annually.

1.8 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of the net revenue. The write off occurs at year-end or when funds are available. Provision is made for irrecoverable amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

1.9 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

1.10 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.

Assets

1.11 Property, plant and equipment

The Fund's primary property portfolio is held to provide a social service and which also generates cash flows. The Fund holds a large housing stock used to provide housing to low income families at below market rental. In this situation, the property is held to provide housing services rather than for rentals or capital appreciation and rental revenue generated is incidental to the purposes for which the property is held.

As per the guidance provided in GRAP 16: Investment property; such property is not considered as investment property nor inventories and would be accounted for in accordance with the Standard of GRAP on property, plant and equipment.

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2016**

Initial recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Fund. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an item of property, plant and equipment is acquired at no cost, or for nominal cost, its cost is its fair value as at the date of the acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired non-monetary asset's fair value is undeterminable, its deemed cost is the carrying amount of the asset given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Major spare parts and stand by equipment which are expected to be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent measurement – Revaluation model

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are done every 5 years, if market conditions have significantly changed, that the carrying amount does not materially differ from that which would be determined using fair value at the end of the reporting period. Management considers the latest municipal values as a reliable basis as compared to fair value.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to the revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2016

An impairment test is will be conducted on an annual basis, if an indication of an impairment is present, the asset will be written down to its recoverable amount.

Any decrease in an asset's carrying amount, as a result of a devaluation, is recognised directly in surplus or deficit for the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset first.

Depreciation

Subsequent to initial measurement property, plant and equipment are depreciated on a straight line basis over their expected useful lives to their estimated residual values. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The useful lives of property plant and equipment have been assessed as follows:

	Years
Land	0
Buildings	30
Office equipment	3 – 7
Furniture and fittings	7 – 10

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The residual value, the useful life and depreciation method of each asset is reviewed at the end of each reporting date. If the expectation differs from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

De-recognition

Items of property, plant and equipment are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment, is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such a difference is recognised in surplus or deficit when the item is derecognised.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2016

1.12 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

1.13 Receivables and prepayments

Receivables and prepayments, included in the statement of financial position comprises rental debtors, suspensive sale debtors and individual loan debtors.

Receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. When a trade receivable is uncollectible, it is written off in terms of the Fund's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

Liabilities

1.14 Payables

Payables are recognised at historical cost in the statement of financial position, which comprise of payments to suppliers. However the payables are not discounted where the initial credit period granted is consistent with the terms used in the public sector.

1.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the fund; or

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the notes.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2016

1.16 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

1.17 Employee benefits

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of period in which the employees render the related service.

When an employee has rendered services to the Fund during a reporting period, the Fund recognises the undiscounted amount of the short term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Fund recognise that in excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, reduction in future payments or a cash refund; and
- As an expense, unless another standard requires or permits the inclusion of benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, the case of non-accumulating absences, when the absence occurs. The Fund measures the expected cost of accumulating absences as the additional amount that the Fund expects to pay as a result of the unused entitlement that has accumulated at reporting date.

The Fund recognises the expected cost of bonus; incentive and performance related payments when the Fund has a legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Fund has no realistic alternative but to make payments.

1.18 Inventory

Inventories are stated at the lower of cost and net realisable value. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the time of acquisition.

All inventory items at year-end are reflected using the FIFO cost formula.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2016

1.19 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight line basis over the lease term. The difference between amounts recognised as income and the contractual payments are recognised as an operating lease liability or asset.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight line basis.

Any contingent rent is recognised separately as revenue in the period in which they are received.

Income for leases is disclosed under revenue in the statement of financial performance.

Finance leases – lessor

The Fund recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the Fund's net investment in the finance lease.

Net Assets

1.20 Accumulated Funds

Accumulated Funds comprise amounts recognised as receivables and other assets raised.

1.21 Non-Distributable Reserve

Non-distributable reserves comprise revaluations to immovable property.

1.22 Related party transactions

Related parties are entities that control or significantly influence the fund in making financial and operating decisions. Specific information with regards to related party transactions is included in the notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	2015/16	2014/15
Note	R'000	R'000
		Restated
2 Revenue		
Admin fees received		
- individual loan debtors	3	4
- finance leases (suspensive sale debtors)	44	36
Rent received from rental debtors	3,195	4,316
Total	3,242	4,356
3 Other Revenue		
Interest received		
- individual loan debtors	508	1,585
- finance leases (suspensive sale debtors)	30,609	28,974
Transfers received from Department of Human settlements	241,644	143,664
Decrease in provision for doubtful debts	32,557	8,707
Total	305,318	182,930
4 Expenditure		
4.1 Funded by the KwaZulu-Natal Housing Fund:	99,599	65,045
Clean up of Housing Fund	1,743	-
Commissions paid on post office receipts	62	57
Depreciation - buildings	14,830	14,463
Devolution - debtors	141	-
EEDBS - capital adjustments / rebates / writeoffs	53,353	20,549
Induplum interest write back	16,983	23,410
Loss on sale of land and Buildings	12,441	6,415
Subsidies given to debtors on receipt of instalments	46	151

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Note	2015/16 R'000	2014/15 R'000 Restated
4.2 <i>Funded by the Department of Human settlements and accruals:</i>	234,095	152,035
Compensation of employees		
Salaries and wages		
Basic salary	31,108	29,457
Performance awards	354	681
Service Based	239	265
Compensative / circumstantial	56	363
Other non-pensionable allowances	5,470	5,721
Total	37,227	36,487
Social Contributions		
Employer contributions		
Pension	3,877	3,941
Medical	2,516	2,062
bargaining council	11	11
Total	6,404	6,014
Total compensation of employees	43,631	42,501

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000 Restated
Goods and services			
Advertising		46	49
Audit fees		2,072	3,612
Assets less than R5,000	4.3	62	2
Catering		3	4
Communication		329	335
Computer services	4.4	278	217
Consultants, contractors and agency/outsourced services	4.5	6,299	14,702
Inventory	4.6	1,648	1,048
Operating leases		1,088	232
Property payments	4.7	44,199	31,763
Travel and subsistence		837	410
Other operating expenditure		479	482
Total		57,340	52,856
Payment for financial assets		9	21
Transfers and subsidies			
Provinces and municipalities	4.8	116,121	36,872
Households	4.9	16,994	19,785
Total		133,115	56,657
Total expenditure		333,694	217,080
4.3 Assets less than R5,000 Tangible assets			
Machinery and equipment		11	2
Office furniture and other		51	-
Total		62	2

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	2015/16 R'000	2014/15 R'000 Restated
4.4 Computer services		
External computer service providers	<u>278</u>	<u>217</u>
4.5 Consultants, contractors and agency/outsourced services		
Legal costs	67	208
Contractors	6,232	14,494
Total	<u>6,299</u>	<u>14,702</u>
4.6 Inventory		
Opening balance	3,229	2,724
Other consumables	3	8
Materials and supplies	1,432	1,545
Closing balance	(3,016)	(3,229)
Total	<u>1,648</u>	<u>1,048</u>
4.7 Property payments		
Municipal services and levies	30,775	29,407
Property maintenance and repairs	13,424	2,356
Total	<u>44,199</u>	<u>31,763</u>
4.8 Provinces and municipalities		
Property maintenance and rectification	102,975	20,715
Rates and taxes	13,146	16,157
Total	<u>116,121</u>	<u>36,872</u>
4.9 Households		
Employee benefits	87	486
Rectification	16,907	19,299
Total	<u>16,994</u>	<u>19,785</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

5 Property, plant and equipment

	Cost/Valuation R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Carrying Value R'000
2016				
Land	597,043	-	-	597,043
Buildings	703,194	(88,486)	(54,499)	560,209
	1,300,237	(88,486)	(54,499)	1,157,252

2015				
Land	502,932	-	-	502,932
Buildings	460,030	(76,061)	(24,897)	359,072
	962,962	(76,061)	(24,897)	862,004

Reconciliation of property, plant and equipment

	Opening Balance	Additions	Disposal
2016			
Land	502,932	301	(4,800)
Buildings	359,072	-	(9,844)
	862,004	301	(14,644)

	Impairments	Revaluations	Depreciation	Total
2016				
Land	-	98,610	-	597,043
Buildings	(29,602)	255,413	(14,830)	560,209
	(29,602)	354,023	(14,830)	1,157,252

	Opening Balance	Additions	Disposal
2015			
Land	505,500	-	(2,568)
Buildings	378,713	-	(5,178)
	884,213	-	(7,746)

	Impairments	Revaluations	Depreciation	Total
2015				
Land	-	-	-	502,932
Buildings	-	-	(14,463)	359,072
	-	-	(14,463)	862,004

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2016

Properties comprise vacant land, residential (serviced and unserviced) and commercial land and buildings.

Properties are stated at market valued.

Revaluations

The effective date of the revaluations was 1 April 2015. Land and buildings are revalued at municipal values and where applicable an independent valuer was used.

The method used by the independent valuer in estimating the market value of the properties was a comparative market analysis, also known as direct comparison method. Adjustments were made to the sale price of the comparable properties for inevitable differences between the comparable properties and the subject properties.

	Note	2015/16 R'000	2014/15 R'000 Restated
6 Receivables and prepayments			
Clearing accounts	6.1	16	57
Rental debtors	6.2	46,214	45,037
Suspensive sale debtors	6.3	95,181	130,629
Less: provision for doubtful debts	3	(134,326)	(166,882)
		<u>7,085</u>	<u>8,841</u>
6.1 Clearing Accounts			
LI Suspense		(131)	(123)
Rental deposit		21	21
Post Office		126	159
		<u>16</u>	<u>57</u>
6.2 Rental debtors	20.2	<u>46,214</u>	<u>45,037</u>
These debtors are in respect of rentals owing by individuals on properties rented.			
6.3 Suspensive sale debtors	20.2	95,181	130,629
Individual loans		3,684	3,936
Sold properties		91,497	126,693

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Note	2015/16 R'000	2014/15 R'000 Restated
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6.3.1 These debtors are in respect of sales of individual properties where the monthly repayment is over a 30 year period. Ownership is transferred immediately with respect to individual loans and with respect to sold properties ownership is transferred on repayment of the loan in full.

6.3.2 Induplum interest was written back during the current financial year – R 16,983 m.

6.3.3 Enhanced Extended Discount Benefit Scheme (EEDBS)

The KwaZulu-Natal Housing Fund has embarked on a drive to promote the EEDBS also promotes home ownership.

6.3.4 Reconciliation between the total gross investment in the lease and present value of the minimum lease payments:

Gross investment in finance lease

Not later than 1 year	7,076	8,322
Later than 1 year and not later than 5 years	28,306	33,289
Later than 5 years	16,820	26,163
	52,202	67,774
Unearned future finance income	35,334	47,684
Net investment in finance leases	16,868	20,090

6.4 **Financial assets by category**
Financial instrument at amortised cost

Rental debtors	2,311	2,252
Suspensive sale debtors	4,758	6,531
	7,069	8,783

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000 Restated
7 Provincial Revenue Fund			
Balance at beginning of the year		10,339	21,846
Receipts from Provincial Treasury		(5,000)	(11,507)
Balance at beginning of the year		<u>5,339</u>	<u>10,339</u>
8 Accounts Payable			
Trade Creditors		6,813	14,555
Debtors' Credit Balances		189	196
	10	<u>7,002</u>	<u>14,751</u>
9 Department of Human Settlements	10	<u>(689)</u>	<u>2,574</u>
<p>The KwaZulu-Natal Housing Fund does not have its own bank account. All its cash transactions are done via the Department of Human Settlements bank account.</p>			
10 Financial Liability by category			
Financial instrument at amortised cost			
Trade creditors	8	6,813	14,555
Debtors' with credit balances	8	189	196
Department of Human Settlements	9	-	2,574
	20.4	<u>7,002</u>	<u>17 325</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	2015/16 R'000	2014/15 R'000 Restated
11 Reconciliation of net cash flows from operating activities:		
deficit	(25,134)	(29,794)
Non - cash movements		
Revenue		
admin fees received	(47)	(40)
rent received from rental debtors	(3,195)	(4,316)
Interest received on suspensive sale and individual loan debtors	(31,117)	(30,559)
Decrease in provision for doubtful debts	(32,557)	(8,707)
	<u>(92,050)</u>	<u>(73,416)</u>
Expenditure		
(Decrease)/Increase in trade accruals	(7,741)	8,875
Depreciation	14,830	14,463
Devolution - debtors	141	-
EEDBS - capital adjustments / rebates / write-offs	52,742	20,550
Induplum interest write back	16,983	23,411
Loss on sale of land and buildings	12,441	6,415
Decrease/(Increase) in inventory	213	(505)
Subsidies given to debtors on receipt of instalments	46	151
	<u>(2,395)</u>	<u>(56)</u>
Cash receipts and expenditure		
Receipts from debtors	2,367	2,655
Recoverable expenditure relating to debtors	(1,752)	(1,618)
Net cash flows from operating activities	<u>(1,780)</u>	<u>981</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000 Restated
12 Accumulated Funds		<u>5</u>	<u>81</u>
12.1 Correction of transactions that did not interface from the LI suspense account.			
13 Non-Distributable Reserve			
Revaluation of land and buildings		813,817	837,310
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve		(22,616)	(13,381)
Add current year revaluation		354,022	-
transfer of revaluation reserve realised on sale of properties		(13,554)	(10,112)
less accumulated impairments on revalued portion of buildings		(29,602)	-
		<u>1,102,067</u>	<u>813,817</u>
13.1 The non-distributable reserve arose as a result of revaluing of the land and buildings to market value.			
14 Prior Year Adjustment			
- induplum interest write back	16	<u>(12,649)</u>	<u>(15,321)</u>
The prior year adjustment arose as a result of the induplum write back.			
15 Commitment			
Current expenditure			
Approved and contracted for		5,841	6,527
Approved and not contracted for		2,534	3,036
		<u>8,375</u>	<u>9,563</u>
Capital expenditure			
Approved and contracted for		3,646,709	1,454,109
Approved and not contracted for		214,471	2,523,652
		<u>3,861,180</u>	<u>3,977,761</u>
Total commitments		<u>3,869,555</u>	<u>3,987,324</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Note	2015/16 R'000	2014/15 R'000 Restated
16 Correction of Prior Period Error		
Accumulated Funds		
Balance as previously reported		54,330
Fundamental error:-		
- decrease - induplum interest write back - previous year		(2,672)
- prior year		(12,649)
- increase - adj to provision for doubtful debts - previous year		2,539
- prior year		12,017
- depreciation - revaluation portion - 2014/15		(14,090)
- depreciation - revaluation portion trf to revaluation reserve - 2014/15		13,381
- depreciation - revaluation portion - 2013/14 and prior		(61,583)
- reversal of depreciation applicable to duplicate and LAA properties		3,558
- depreciation - revaluation portion trf to revaluation reserve - 2013/14 and prior		58,750
- write-off of duplicate and LAA properties		(2,980)
Balance as currently reported		<u><u>50,601</u></u>
Receivables from Exchange Transactions		
Balance as previously reported		9,606
Fundamental error:-		
- decrease - induplum interest addback		(15,321)
- increase - adj to provision for doubtful debts		14,556
Balance as currently reported		<u><u>8,841</u></u>
Provision for doubtful debts		
Balance as previously reported		181,438
- decrease - adj to provision for doubtful debts - previous year		(2,539)
- prior year		(12,017)
Balance as currently reported		<u><u>166,882</u></u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Note	2015/16 R'000	2014/15 R'000 Restated
Revaluation reserve		
Balance as previously reported		947,679
- take on of additional properties		7,833
- reversal of revaluation on duplicate and LAA properties		(142,419)
- depreciation - revaluation portion trf from statement of financial performance		(13,381)
- depreciation - revaluation portion trf to statement of financial performance		14,090
- depreciation - revaluation portion trf from statement of financial performance - 2013/14 and prior		(58,750)
- depreciation - revaluation portion trf to statement of financial performance - 2013/14 and prior		61,435
Balance as currently reported		<u><u>816,487</u></u>
PPE - Land and Buildings		
Balance as previously reported		996,160
- take on of additional properties		7,833
- removal of duplicate properties		(1,003)
- removal of LAA properties		(140,986)
Balance as currently reported		<u><u>862,004</u></u>

Fundamental Error**Suspensive Sale**

The fundamental error arose as a result of the split of the induplum interest addback between previous and prior years which resulted in the decrease in the provision for doubtful debts.

Revaluation reserve

The fundamental error arose as a result of the expending the depreciation applicable to revaluation to the statement of financial performance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000 Restated
17 Related party transactions			
The following related parties were identified			
17.1 Value of the Transactions	3	<u><u>241,644</u></u>	<u><u>143,664</u></u>
The KwaZulu-Natal Housing Fund does not receive any funding from the National Department of Human Settlements. The Provincial Department of Human Settlements pays for its expenses in terms of DoRA.			
17.2 Department of Human Settlements	9	<u><u>689</u></u>	<u><u>(2,574)</u></u>
The Department of Human Settlements controls the KwaZulu-Natal Housing Fund. The said fund does not have its own bank account. All monies received by the said fund is deposited in the Departments bank account. This obligation is expected to be settled in the entities normal operating cycle, i.e. on receipts from its debtors.			
17.3 Commitments	15	<u><u>3,869,555</u></u>	<u><u>3,987,324</u></u>
These commitments are of a long term nature, in relation to the operations of the KwaZulu-Natal Housing Fund and in respect of maintenance and rectification of its properties.			
17.4 Guarantees			
The KwaZulu-Natal Housing Fund will meet its obligations in the normal course of business through its funding from The Provincial Department of Human Settlements via DoRA.			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000 Restated
17.5 Shared Services			
	No. of individuals		
Class of management			
Programmes 1,2 & 3 - level 15 to 16	3	640	563
- level 14	5	196	228
- other	98	5,353	4,911
		6,189	5,702
		6,189	5,702
<p>The Department of Human Settlements provides administrative and management services to the KwaZulu-Natal Housing Fund. The cost of R 6,189 m (2015 - R 5,702 m), is not included in the compensation to employees figure in note - 4.2. This figure comprises of actual time spent of basic salary and performance bonuses were applicable.</p>			
17.6 Leases			
Not later than 1 year		661	616
Later than 1 year and not later than 5 years		-	-
Later than 5 years		-	-
Total lease commitments		661	616
		661	616
18 Inventory			
Opening balance		3,229	2,724
Add: purchases		1,435	1,553
less: issues		(1,648)	(1,048)
Closing balance		3,016	3,229
		3,016	3,229

Inventory comprises of building and maintenance materials.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Note	2015/16 R'000	2014/15 R'000 Restated
19 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening balance	15,943	15,943
Add: irregular expenditure - relating to the current year	6,244	-
Less: condoned	-	-
Irregular expenditure awaiting condonation	<u>22,187</u>	<u>15,943</u>
Details of irregular expenditure - current year		
Incident		
Deviation from calling of bids	<u>22,187</u>	<u>15,943</u>

20 Risk Management

20.1 Financial Risk Management

The Fund's activities exposed it to a variety of financial risks:

- market risks (including interest rate risk);
- credit risk; and
- liquidity risks.

This note presents information about the Fund's exposure to each of the above risks, the fund's objectives, policies and processes for the measuring and managing risks, and the Fund's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Accounting Authority has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund's risk management policies are established to identify and analyse the risk faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the fund's activities. The Fund, through its training and management standards and procedures, aims to develop a discipline and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Note	2015/16 R'000	2014/15 R'000 Restated
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20.2 Credit Risk

Credit risk is the risk of the financial loss to the Fund if a customer to a financial instrument fails to meet its contractual obligations, and arises primarily from the Fund's receivables from customers.

Trade and Loans Receivables

The Fund's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The demographics of the Fund's customer base have less of an influence on credit risk. Geographically, there is no concentration of risk.

The Fund establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables and loans receivable. The collective loss allowance is determined, based on historical data payment statistics for similar financial assets.

The carrying amount of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Credit Rating		
Trade receivables from exchange transactions - rentals	Low	46,214	45,037
Suspensive sale debtors	Low	95,181	130,629
Receivables from exchange transactions	6	141,395	175,666

The collectively of these receivables at considered to be low:-

- most of the debtors are indigent;
- downturn in the economy;
- difficulty in estimating the monthly payments of the indigent debtors and those debtors that applied for EEDBS;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

Note	2015/16 R'000	2014/15 R'000 restated
Aging of receivables from exchange transactions		
-Due not later than 1 year	20,173	31,047
-Due later than 1 year and not later than 3 years	37,062	76,762
-Due later than 3 years	84,160	67,857
	<u>141,395</u>	<u>175,666</u>

20.3 Interest Rate Risk

The Fund's interest rate risk arises from suspensive sale debtors. Credit issued at variable rates exposes the Fund to cash flow interest rate risk.

Credit issued at fixed rates expose the Fund to fair value interest rate risk.

	Less than 1 year R'000	Between 1 and 2 years R'000	Total R'000
2016			
Trade and other payables	7,002	-	7,002
2015			
Trade and other payables	17,325	-	17,325

20.4 Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

The table below analyses the fund's financial liabilities into relevant maturity groupings based on the remaining period at the financial year and to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year R'000	Between 1 and 2 years R'000	Total R'000
2016			
Trade and other payables	7,002	-	7,002
2015			
Trade and other payables	17,325	-	17,325

21 Going Concern

The annual financial statements are prepared on the basis that the Fund will remain a going concern for the foreseeable future, although a national decision was made to de-establish the Provincial Housing Funds, however the legislative changes to the National Housing Act, 1997 (Act no.107 of 1997) have not yet been enacted to allow for the de-establishment of the Fund.

The Fund aims to finalise the sensitization of the properties meaning to transfer, delete and devolve the properties and phasing out of the debtor book by promoting ownership by March 2017, at which stage, subjected to the expected amendments to the housing legislation, the Fund will be closed and the remaining assets of the Fund will be transferred to the books of the Department or devolved to municipalities/local authorities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

22 Budget vs Actual

22.1 Comparison of Budget to Actuals

Economic classification	2015/16			2014/15		
	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current	93,433	100,971	(7,538)	1	57,814	95,357
Compensation of employees	45,812	43,631	2,181	0.0%	45,183	42,501
Goods and services	47,621	57,340	(9,719)	120.4%	12,631	52,856
Transfers & subsidies	145,702	133,115	12,587	91.4%	86,377	56,657
Provinces & municipalities	125,279	116,121	9,158	92.7%	65,381	36,872
Households	20,423	16,994	3,429	83.2%	20,996	19,785
Payment for financial assets	10	9	1	0.0%	-	21
Financial transactions in assets and liabilities	10	9	1		-	21
Total	239,145	234,095	5,050	2.1%	144,191	152,035

22.2 Explanation of Variance

Current expenditure

Explanation of variance: Goods and services - Increase mainly due to increase in property payments.

Transfers and subsidies

Explanation of variance: Provinces and municipalities - Underspending mainly due to insufficient spending on rectification projects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

22.3 Reconciliation of actual amounts on a comparable basis (Cash basis) and actual amounts on accrual basis

Economic classification	2015/16			2014/15		
	Actual expenditure on cash basis	Movement in accruals	Actual expenditure on accrual basis	Actual expenditure on cash basis	Movement in accruals	Actual expenditure on accrual basis
Current	99,452	1,519	100,971	86,940	8,417	95,357
Compensation of employees	43,631	-	43,631	42,501	-	42,501
Goods and services	55,821	1,519	57,340	44,439	8,417	52,856
Transfers & subsidies	142,183	(9,068)	133,115	56,701	(44)	56,657
Provinces & municipalities	125,189	(9,068)	116,121	36,913	(41)	36,872
Households	16,994	-	16,994	19,788	(3)	19,785
Payment for financial assets	9	-	9	21	-	21
Financial transactions in assets and liabilities	9	-	9	21	-	21
Total	241,644	(7,549)	234,095	143,662	8,373	152,035

22.4 Budget information

The KwaZulu-Natal's Housing Fund is subject to budgetary limits in the form of appropriations, which is given effect through authorising legislation.

The KwaZulu-Natal's Housing Fund's source of funding is its appropriation from the Department of Human Settlements and receipts from its debtors.

The approved budget and the expenditure is presented by economic classification.

The approved budget covers the fiscal period from 1 April 2015 to 31 March 2016.

The annual financial statements are presented on the accrual basis and whereas the budget is stated on the cash basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.



human settlements

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