



human settlements

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL



ANNUAL REPORT

FINANCIAL YEAR 2018/19

Vote 8





human settlements

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL

VOTE NO. 8

ANNUAL REPORT

2018/19 Financial Year

Table of Contents

Page

PART A: GENERAL INFORMATION

5

1.	Department General Information	6
2.	List of Abbreviations / Acronyms	7
3.	Foreword by the MEC	9
4.	Report of the Accounting Officer	11
5.	Statement of Responsibility and Confirmation of Accuracy for the Annual Report	25
6.	Strategic Overview	26
6.1	Vision	26
6.2	Mission	26
6.3	Values	26
7.	Legislative and other Mandates	27
8.	Organisational Structure	36
9.	Entities reporting to the MEC	36

PART B: PERFORMANCE INFORMATION

37

1.	Auditor-General's Report: Predetermined Objectives	38
2.	Overview of Departmental Performance	38
2.1	Service Delivery Environment	38
2.2	Service Delivery Improvement Plan	38
2.3	Organisational Environment	39
2.4	Key policy developments and legislative changes	41
3.	Strategic Outcome Oriented Goals	41
4.	Performance Information per Programme	43
4.1	Programme 1: Administration	43
4.2	Programme 2: Housing Needs, Research and Planning	46
4.3	Programme 3: Housing Development	49
4.4	Programme 4: Housing Asset Management, Property Management	60
5.	Transfer Payments	64
5.1	Transfer payments to public entities	64
5.2	Transfer payments to public corporations and private enterprises	64
5.3	Transfer payments to all organisations other than public entities	64
6.	Conditional Grants	66
6.1	Conditional grants and earmarked funds received	66

Table of Contents

Page

7.	Donor Funds	68
7.1	Donor funds received	68
8.	Capital Investment	68
8.1	Capital investment, maintenance and asset management plan	68
PART C: GOVERNANCE		69
1.	Introduction	70
2.	Risk Management	70
3.	Fraud and Corruption	71
4.	Minimising Conflict of Interest	72
5.	Code of Conduct	72
6.	Health Safety and Environmental Issues	73
7.	Portfolio Committees	74
8.	SCOPA Resolutions	85
9.	Prior Modifications to Audit Reports	95
10.	Internal Control Unit	95
11.	Internal Audit and Audit Committees	96
12.	Audit Committee Report	98
PART D: HUMAN RESOURCE MANAGEMENT		103
1.	Introduction	104
2.	Overview of Human Resources	104
3.	Human Resources Oversight Statistics	105
PART E: FINANCIAL INFORMATION: VOTE 8		135
1.	Report of the Auditor-General	136
2.	Annual Financial Statements	144
PART F: FINANCIAL INFORMATION: KWAZULU-NATAL HOUSING FUND		229
1.	Report of the Auditor-General	230
2.	Annual Financial Statements	239





PART A:

GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

NAME	KwaZulu-Natal Department of Human Settlements
PHYSICAL ADDRESS	Old Mutual Building 203 Church Street Pietermaritzburg 3201
POSTAL ADDRESS	Private Bag X9157 Pietermaritzburg 3200
TELEPHONE NUMBER	+27 33 392 6400
FAX NUMBER	+27 33 392 6454
EMAIL ADDRESS	 info@kzndhs.gov.za
WEBSITE ADDRESS	 www.kzndhs.gov.za
SOCIAL MEDIA	 KZN Human Settlements  kzndohs

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	GHS	General Household Survey
GIS	Geographical Information System	GRAP	Generally Recognized Accounting Practices
GVA	Gross Value Added	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 Settlements Development Grant	HSP	Housing Sector Plan
IDP	Integrated Development Plan	IGRFA	Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
IRDP	Integrated Residential Development Programme	IRDS	Integrated Rural Development Strategy
ISDS	Integrated Sustainable Development Strategy	ISUP	Informal Settlement Upgrade Programme
ITB	Ingonyama Trust Board	KZN	KwaZulu-Natal
KZNDHS	KwaZulu-Natal Department of Human Settlements	KZNPA	KwaZulu-Natal Provincial Administration
LEFTEA	Less Formal Township Establishment Act, 1991	MBASA	Master Builders Association of South Africa
MEC	Member of Executive Council	MDG	Millennium Development Goals
MI	Mortgage Insurance	MIG	Municipal Infrastructure Grant
MINMEC	Ministers and Members of Executive Councils	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 Agency
NUSP	National Upgrading Support Programme	OSD	Occupational Specific Dispensation
OSS	Operation Sukuma Sakhe	OTP	Office of the Premier
PES	Provincial Equitable Share	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 Services	PIE	Prevention of Illegal Eviction from and Unlawful Occupation of Land Act
PPC	Provincial Planning Commission	PSEDS	Provincial Spatial Economic Development Strategy
PSETA	Provincial Sector of Education and Training Agency	RDP	Reconstruction and Development Programme
RHAF	Rental Housing Association Fund	RHLF	Rural Housing Loan Fund
SABS	South African Bureau of Standards	SALGA	South African Local Government Association
SCM	Supply Chain Management	SDG	Sustainable Development Goals
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 Settlements 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	TRP	Title Deed Restoration Programme

3. FOREWORD BY THE MEC



The Honourable Ms N. P. Nkonyeni, MPL

**Member of the Executive Council for
Department of Human Settlements and Public Works
KwaZulu-Natal**

The tabling of this Report, at the end of a Medium Term Strategic Framework (MTSF) period, provides a platform for us to reflect on our journey towards providing sustainable human settlements to the citizens of KwaZulu-Natal, in the past five years. It was a journey that involved a vigorous pursuit by the Department towards holistic developments that look at creating new urban settlements with mixed housing typologies, industrial and commercial sites, schools, clinics, churches and sports fields, whilst at the same time boosting the number of housing opportunities in rural areas.


The Department has committed itself to attack apartheid spatial planning by integrating communities in terms of race, class, etc. to live alongside each other. We are firm in our decision to deliver a province that can contribute optimally to the realisation of our Country's vision as advocated in the National Development Plan and the PGDP. To this effect, Cabinet has adopted the KZN Master Spatial Plan (MSP) for Human Settlements, which is aligned to the PGDP and Infrastructure Plan.

The Department has recognised that land and housing are critical to reducing the asset poverty of poor households. In the same vein, it has recognised the willingness of certain sectors of the population to build their own homes and in so doing experience the benefits of owning an asset. Hence, the Department embarked on a process of releasing serviced sites to qualifying beneficiaries in the income category R3,501 to R22,000.

The Department, in pursuing its mandate to provide "houses, comfort and security for all" has over the years shifted its policy of eradicating informal settlements to that of upgrading them and restoring dignity and pride to these

households. The Department has adopted a planned informal settlement approach that entails the development of legal instruments to regularise informal settlements and recognise rights of residence.

The statistics that follow in this Report show a Department hard at work. We are building 100 houses every working day and this is through the sheer determination and hard work by the Acting Head of Department, staff and all partners.



Honourable Ms. Neliswa Peggy Nkonyeni, MPL
MEC for Human Settlements and Public Works
KwaZulu-Natal
Date: 31 July 2019

4. REPORT OF THE ACCOUNTING OFFICER



Mr M.O.S. Zungu
Acting Accounting Officer
KwaZulu-Natal Department of Human Settlements

- **Overview of the operations of the Department**

The Department of Human Settlements has become more resolute in the provision of sustainable human settlements. We better coordinated, strategic and determined to achieve the department's vision of ***"Together Breaking New Ground to achieve decent, integrated and sustainable human settlement patterns"***. We are more efficient and prudent in the use of the Human Settlements Development Grant and are doing more with less without hurting the citizenry.

The KwaZulu-Natal Department of Human Settlements seeks to mobilise this energy and to cement partnerships to ensure the fulfilment of its mandate to provide *"houses, security and comfort to all"*. A Programme that mobilizes this energy is the Enhanced People's Housing Process (EPHP) which is part of a national initiative and which provides for community / beneficiary involvement in the construction of their houses.

The current financial constraints and the extent of the backlogs, compels us to seek different ways of reaching more people despite the limitations. The central challenges we face are a growing population and spiralling urbanisation.

Armed with the National Development Plan (NDP) and the Human Settlements Master Spatial Plan which complement our Provincial Growth and Development Strategy (PGDS) and Provincial Infrastructure Master Plan, we are focussing on appropriate areas where Human Settlements would make a maximum development impact. This has informed a rural to urban paradigm shift with greater focus on informal settlements upgrades, serviced sites and the GAP market. We will also see an incremental increase in the provision of social housing (rental).

The imperatives of Radical Economic Transformation have long informed our approach to delivery of our programmes. Any credible analysis of our beneficiary, Implementing Agent and contractor profiles will reveal that those empowerment objectives have been met. A more difficult challenge is on the building materials production and supply side.

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 that the strategic objectives are aligned and achieved to the core delivery of the Department.

The Department has delivered to its citizens in KwaZulu-Natal, a total of **26,200 housing opportunities** in the form of completed houses, serviced sites, title deeds, rectification and maintenance of government-owned stock in the 2018/19 financial year.

The actual delivery per subsidy instrument is as follows:

Human Settlements Programme	Other	Sites	Units
Integrated Residential Development Programme		4,444	2,307
Informal Settlement Upgrading		1,130	1,221
Housing Finance Linked Individual Subsidies [R3,501 - R15,000]			245
People's Housing Process			3,929
Emergency Housing Assistance (OSS)			886
Community Residential Units			48
Social Housing			208
Rural Housing: Communal Land Rights			11,782
Rectification And Refurbishment	1,068		
Number Of Title Deeds Issued	4,956		
Maintenance	1,030		
Total	7,054	5,574	20,626
Total Housing Opportunities (Sites and units)			26,200

Our policies and programmes have therefore impacted positively on the lives of **26,200 families** in the 2018/19 financial year.

The Department is exhausting innovative interventions to ensure that the pace of service delivery is not relaxed. Indeed, we are leaving no stone unturned in the pursuit of a collective, concerted and controlled approach towards housing delivery.

We are also enforcing better management of business plans and stricter monitoring to avoid over-expenditure and to ensure quality control.

Towards this end, the Department will ensure that its performance and interventions are all geared towards partnerships, innovation and delivery. It is pleasing that our performance receives regular recognition. The KwaZulu-Natal Department of Human Settlements won the National Govan Mbeki Award for an unprecedented **fourth** consecutive year in 2017.

- **Overview of the financial results of the Department**

The main appropriation of the Department was R3,65 billion. During the year, the Department received an additional allocation totalling R137,842 million. The Department spent 98.7% (R3,73 billion) of the total allocation.

A net under expenditure of R50,450 in Human Settlements Development Grant (HSDG) is mainly from Transfers and subsidies to: Households under Programme 3 sub-programme Incremental Interventions, Emergency Disaster funding.

R100 million was allocated to the Department relating to the flood disaster that occurred in the Province in October 2017. These disaster funds were allocated by National Treasury and were added to the HSDG allocation for the reconstruction and repair of damaged houses, repair of damaged flats and repair of damaged hostels in the areas such as eThekweni Metro, Mdoni Local Municipality, uMuziwabantu Local Municipality, Mzumbe Local Municipality, as well as Ray Nkonyeni Local Municipality. The apportionment of funding was as follows; uGu District Municipality was allocated R53,8 million for reconstruction of 250 units, and eThekweni Metro was allocated R46,2 million for reconstruction of 367 units.

The Department could not spend the entire R100 million allocated. A request for the roll-over of the HSDG funding amounting to R50,450 million not spent during the 2018/19 financial year has been submitted to Provincial Treasury. If the roll-over is approved it will be paid directly to the appointed Service Provider who is currently on site.

Departmental Receipts

The table below shows the revenue budget and the actual revenue collected for 2018/19 financial year for the KZN Department of Human Settlements.

It must be noted that the Department is not a revenue generating Department and as such, minimal revenue accrues to the Department as per the table below:

Departmental receipts	2018/2019			2017/2018		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	624	424	200	590	422	168
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	18	1	17	17	19,452	(19,435)
Sale of capital assets	779	27,668	(26,889)	886	39,200	(38,314)
Financial transactions in assets and liabilities	3,388	17,713	(14,325)	3,006	2,209	797
Total	4,809	45,806	(40,997)	4,499	61,283	(56,784)

The Department collected revenue totalling to R45,806 million in 2018/19 against the budget of R4,809 million, substantially exceeding the revenue target by R40,997 million. The revenue collected is in respect of the following categories:

- *Sale of goods and services other than capital assets* under-collected at R424,000 against the budget of R624,000; this category relates to revenue received for rental from staff occupying the Department's buildings, parking, commission on PERSAL deductions and the sale of tender documents. The under-collection is mainly due to the sale of tender documents which is dependent on projects being approved and advertised.
- *Interest, dividends and rent on land* reflects collected R1,000 against the annual budget of R18,000. The under-collection was due to over estimations made under this category.
- *Sale of capital assets* collection amounted to R27,668 million against the annual budget of R779,000. The over-collection is due to the sales of some units at Ridgeview Gardens through FLISP as per approval obtained from Provincial Treasury in June 2016. The Department requests Provincial Treasury to re-appropriate the funds to the Department as was done in the previous year.
- *Financial Transactions in assets and liabilities* collected R17,713 million against the annual budget of R3,388 million. The over-collection was mainly due to monies received for refund of unspent housing funds for various projects paid by uMzimkhulu Municipality.

National Human Settlements and National Treasury have been engaged to re-imburse the eThekweni Metro for prior years expenditure incurred of R2,4 billion for various projects where certain items were not covered by the Housing Code, yet were necessary due to the terrain, for example, retaining walls etc.

• Programme Expenditure

Programme Name	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	227,193	227,193	-	215,298	217,793	(2,495)
2. Housing Needs, Research and Planning	17,328	17,328	-	16,511	16,511	-
3. Housing Development	3,353,919	3,305,378	48,541	3,637,484	3,652,475	(14,991)
4. Housing Asset Management, Property Management	186,639	184,730	1,909	197,441	179,955	17,486
Total	3,785,079	3,734,629	50,450	4,066,734	4,066,734	-

The Department has a net under-expenditure of R50,450 million against the 2018/19 Final Appropriation. There were post-Adjustments Estimate virements undertaken between programmes and economic classification.

The details per Programme after the post-Adjustments Estimate virements are as follows:

- Programme 1: Administration was fully spent. The full expenditure is after a virement of R7,492 million to Programme 3 to defray over-expenditure incurred under Programme 3 which is due to acceleration of service delivery in rural housing programme where some projects were moving faster than anticipated and they are ahead of the development programme due to the urgent need for housing.
- Programme 2: Housing Needs, Research and Planning was fully spent, The full expenditure is after a virement of R209,000 to Programme 3 to defray over-expenditure in the programme.
- Programme 3: Housing Development, which includes a significant portion of the HSDG, reflects a net under-expenditure of R48,541 million. R100 million was allocated to the Department which is relating to the flood disaster that occurred in the province in October 2017.

The disaster funds was allocated by National Treasury and were added to the HSDG allocation for the reconstruction and repair of damaged houses, repair of damaged flats and repair of damaged hostels in the areas such as eThekweni Metro, Mdoni Local Municipality, uMuziwabantu Local Municipality, Mzumbe Local Municipality, as well as Ray Nkonyeni Local Municipality. The Department could not spend the entire R100 million allocated. A request for the roll-over of the HSDG funding amounting to R50,450 million not spent during the 2018/19 financial year has been submitted to Provincial Treasury.

- Programme 4: Housing Asset Management, Property Management comprises the KZN Housing Fund. This programme reflects under-expenditure of R1,909 million which is due to the delays in the filling of vacant budgeted posts. There were delays in the receipt of invoices for audit costs since the Auditor General was still in the planning stage. Furthermore, the slow issuing of rate clearance certificates by Municipalities also cause the delays in the issuing of the title deeds as well as township establishment processes which are taking longer than anticipated.

- **Virements**

Virements between the programmes

Virement of R7,701 million from Programme 1 and Programme 2 to Programme 3

FROM	AMOUNT R'000	TO	AMOUNT R'000
<u>Equitable Share</u>		<u>Equitable Share</u>	
Programme 1: Administration		Programme 3: Housing Development	
Sub-programme: Corporate Services		Sub-programme: Rural Intervention	
Compensation of Employees	5,188	Households	7,701
Goods and Services	2,304		
Programme 2: Housing Needs, Research and Planning			
Sub-programme: Policy			
Compensation of Employees	209		
Total	7,701	Total	7,701

- (i) Savings amounting to **R7,492 million** were identified in Programme 1, Corporate services sub-programme against the following economic classifications:
- Compensation of employees, R5,188 million* due to the delays in the filling of vacant budgeted posts, such as Head of Department, GM: Human Capital, Director: SCM, etc.; and
 - Goods and services, R2,304 million* due to the delays in the procurement of security and filing system. There were delays also in the receiving of invoices for audit costs since the Auditors are still in the planning stage.
- (ii) Savings amounting to **R209,000** were identified in Programme 2, Policy sub-programme against *Compensation of Employees* due to the savings experienced as a result of two posts which were vacated during the year for Deputy Director and Senior Administration Officer.

These savings were moved to Programme 3 in Rural Interventions against *Transfers and subsidies to Households* to defray over expenditure incurred relating to projects due to the acceleration of service delivery in rural housing subsidy where some projects were moving faster than anticipated and they are ahead of the development programme as there is an urgent need for housing. These projects are Emadungeni rural project, Matheni B rural project, Osuthu B rural project, Mkhonto rural project, Zungu rural housing project, Kwambila rural project, etc.

Virements within the Programmes of the Department between Economic Classifications

FROM	AMOUNT R'000	TO	AMOUNT R'000
Equitable Share			
Programme 1: Administration		Programme 1: Administration	
Sub-programme: Corporate Services		Sub-programme: Corporate Services	
Compensation of Employees	280	Households	563
Interest and Rent on land	283		
Total	563	Total	563

FROM	AMOUNT R'000	TO	AMOUNT R'000
Equitable Share			
Programme 2: Housing Needs, Research and Planning		Programme 2: Housing Needs, Research and Planning	
Sub-programme: Administration		Sub-programme: Planning	
Compensation of Employees	1	Interest and Rent on land	233
Goods and Services	10	Sub-programme: Research	
Sub-programme: Policy		Goods and Services	271
Compensation of Employees	227		
Goods and Services	45		
Sub-programme: Planning			
Compensation of Employees	54		
Goods and Services	31		
Households	19		
Sub-programme: Research			
Compensation of Employees	117		
Total	504	Total	504

FROM	AMOUNT R'000	TO	AMOUNT R'000
<u>Equitable Share</u>		<u>Equitable Share</u>	
Programme 3: Housing Development		Programme 3: Housing Development	
Sub-programme: Administration		Sub-programme: Administration	
Compensation of Employees	3,950	Households	588
Goods and Services	980	Sub-programme: Rural Intervention	
		Households	4,342
	4,930		4,930
<u>Human Settlements Development Grant (HSDG)</u>		<u>Human Settlements Development Grant (HSDG)</u>	
Programme 3: Housing Development		Programme 3: Housing Development	
Sub-programme: Financial Intervention		Sub-programme: Financial Intervention	
Compensation of Employees	2,851	Goods and Services	10,392
Sub-programme: Incremental Intervention		Households	33,413
Households	139,129	Buildings and other fixed structures	5,432
Sub-programme: Social Intervention		Sub-programme: Rural Intervention	
Households	20,610	Households	113,353
	162,590		162,590
Total	167,520	Total	167,520

(a) Virement of R563,000 within Programme 1: Administration

- i. Savings amounting to R280,000 were identified against *Compensation of employees* due to two posts of Senior State Accountants which were vacated during the financial year resulted from resignation.
- ii. Savings amounting to R283,000 were identified against *Interest and Rent on land* due to the budget which was allocated to cater for interest on overdue accounts which was not utilized due to claims being paid timeously.

These savings were moved to *Transfers and subsidies to Households* to defray expenditure incurred for staff exit costs which is difficult to project due to its nature.

(b) Virement of R504,000 within Programme 2: Housing Needs, Planning and Research

- i. Savings amounting to R11,000 were identified in Administration sub-programme against:
 - *Compensation of Employees* amounting to R1,000 due to over estimations made on salaries under this sub-programme.
 - *Goods and Services* amounting to R10,000 due to continuous implementation of cost cutting measures on travel and subsistence.
- ii. Savings amounting to R272,000 were identified in Policy sub-programme against:
 - *Compensation of Employees* amounting to R227,000 due to the savings experienced as a result of two posts which were vacated during the year for Deputy Director and Senior Administration Officer.

- *Goods and Services* amounting to R45,000 due to provision that was made for travel and subsistence costs for the posts which were vacated during the financial year.
- iii. Savings amounting to R104,000 were identified in Planning sub-programme against:
- *Compensation of Employees* amounting to R54,000 as a result of Director:Planning post which was vacated during the financial year.
 - *Goods and Services* amounting to R31,000 due to travel and subsistence where less travel have been occurred as training venues had been in less than 500 kilometers and savings has occurred under accommodation.
 - *Transfers and subsidies to Households* amounting to R19,000 due to over estimations made during Adjustments Estimates for staff exit costs for Director: Planning who exited during the financial year.
- iv. Savings amounting to R117,000 were identified in Research sub-programme against *Compensation of Employees*. The approval was obtained for acting allowance of an Assistant Director in Capacity Building which was later withdrawn.

These savings were moved as follows:

- R223,000 to Planning sub-programme under *Interest and rent on land* due to interest paid on overdue account as a result of judgement for the Ndumo housing project which was not paid due to delays with the office of the state attorney.
- R271,000 to Research sub-programme under *Goods and services* due to an increase in catering and travelling costs as a result of increase in demand for capacity building training.

(c) Virement of R151,696 million within Programme 3: Housing Development:

Equitable Share – R4,930 million

- i. Savings amounting to R3,950 million were identified in Administration sub-programme against *Compensation of Employees* due to the posts which were vacated during the financial year as a result of retirements, resignations and natural attrition.
- ii. Savings amounting to R980,000 were identified in Administration sub-programme against *Goods and services* due to the provision that was made for FLISP marketing which was delayed due to delays in the approval of the communication strategy.

These savings were moved to the following economic classifications:

- R588,000 to *Transfers and subsidies to Households* to defray expenditure incurred for staff exit costs which is difficult to project due to its nature.
- R4,342 million in Rural Interventions to *Transfers and subsidies to Households* to defray over expenditure incurred relating to projects due to the acceleration of service delivery in rural housing subsidy where some projects were moving faster than anticipated and they are ahead of the development programme as there is an urgent need for housing. These projects are Emadungeni rural project, Matheni B rural project, Osuthu B rural project, Mkhonto rural project, Zungu rural housing project, Kwambila rural project, etc.

Human Settlement Development Grant (HSDG) – R146,766 million

- (i) Savings amounting to R20,610 million were identified in Social and Rental Interventions sub-programme against *Transfers and subsidies to Households* due to the delays in the implementation of Jika Joe Community

Residential Unit Project. This project was delayed due to technical challenges relating to the project classification from CRU to Social Housing programme which resulted in the under expenditure.

(ii) Savings amounting to R126,156 million were identified in Incremental Interventions sub-programme against *Transfers and subsidies to Households* mainly due to the following:

- A number of projects in Etheke District did not perform due to challenges and delays in the supply chain management processes at the Municipality. These projects are such as Kingsburgh, Cornubia, Inanda Dam, Kloof Ext. 15 and 21 Phase 3 and Tambo Plaza.
- There were delays in projects in the Amajuba District such as Madadeni H39 housing project which had labour and financial issues, Fairlegh Siyahhlala la housing project had delays in the finalization of the contract and Charlestown housing project had bulk water issues and social issues which delayed the implementation of the project.
- In the Ugu District, there were projects which could not spend the allocated budget due to poor performance by the contractor. These projects are Masinenge housing project, Merlewood housing project, etc.
- In the Umzinyathi District, Dlamini Forestdale housing project did not perform due to numerous challenges experienced with the supply chain management processes at the Municipality which resulted to cease the process. The Department has now appointed the contractor through it's SCM processes and the project is expected to commence in next financial year.
- In the Zululand District, Mangosuthu housing project could not spend the allocated funding due to challenges encountered with the municipality in terms of concluding the agreement. The Department has since appointed the contractor through built environment database.

These savings were moved as follows:

- **R33,413 million** to Financial Interventions sub programme to cater for the following:
 - R19,933 million over expenditure under *Transfers and subsidies to Households* for enrolment fees of housing projects with National Home Builders' Registration Council. The budget for these enrolment fees was inclusive in the project allocations under *Transfers and subsidies to Households*.
 - R8,048 million over expenditure under *Transfers and subsidies to Households* for the acquisition of portion 15 of the farm in Ray Nkonyeni Municipality, uGu District. This land will be utilised for human settlements development purposes.
 - R5,432 million under *Buildings and other Fixed Structures* due to the accelerated performance by the contractor appointed in respect of the Social and Economic Amenities programme. This programme was delayed in the previous financial year due to delays in appointing new implementing agents for the construction of social and economic amenities.
- **R113,353 million** to Rural Interventions sub programme under *Transfers and subsidies to Households* to defray over expenditure incurred relating to projects due to the following:
 - There was acceleration of service delivery in rural housing subsidy where some projects were moving faster than anticipated and they are ahead of the development programme as there is an urgent need for housing. These projects are Emadungeni rural project, Matheni B rural project, Osuthu B rural project, Mkhonto rural project, Zungu rural housing project, Kwambila rural project, etc.

There were projects which were not included in 2018/19 HSDG business plan due to various reasons, e.g. projects that were anticipated to complete in 2017/18 financial year and they delayed due to social issues which were later resolved. These projects were Mpembeni rural projects, Emalangeni rural project, Uyaya rural project, Godide rural project, etc.

- **Rollovers**

Disaster funds amounting to R100 million was allocated by National Treasury and was added to the HSDG allocation for the reconstruction and repair of damaged houses, repair of damaged flats and repair of damaged hostels in the areas such as eThekweni Metro, Mdoni Local Municipality, uMuziwabantu Local Municipality, Mzumbe Local Municipality, as well as Ray Nkonyeni Local Municipality in respect of the flood disaster that occurred in the Province on the 10th October 2017. The Department could not spend the entire R100 million allocated due to time constraints as funding was received in the last quarter of the financial year.

A request for the roll-over of the HSDG funding amounting to R50,450 million not spent during the 2018/19 financial year has been submitted to Provincial Treasury. If the roll-over is approved it will be paid directly to the service provider appointed by the Department for the reconstruction of 250 units in the uGu District Municipality.

- **Unauthorised; Fruitless and Wasteful; and Irregular Expenditure**

During the 2018/19 financial year, the Department incurred **Unauthorised Expenditure** as follows:

- Programme 3: Housing Development – R1,909 million in respect of acceleration in service delivery. This emanates from under-spending of R48,541 million within Programme 3 and the request of a roll-over of R50,450 million which effectively will contribute to R1,909 million unauthorised expenditure. The roll-over pertains to un-spent Disaster funds in the uGu District.

During the year under review, the Department incurred **Fruitless and Wasteful expenditure** as follows:

- R232,714 in respect of interest incurred on a payment to Pale Native as per court order due to award made in favour of the service provider.
- R269,973 in respect of interest incurred on invoices received late from Propell body corporate. These invoices were posted by the body corporate based in Cape Town and due to the postal services strikes, these invoices were not received timeously.
- In respect of these interest payments, internal investigations will be undertaken to determine liability and the necessary action taken thereafter.

During the year under review, the Department incurred **Irregular Expenditure** as follows:

- The irregular expenditure disclosed in the Annual Financial Statements (Note 25) relates to procurement of service providers undertaken by Municipalities within the Province for housing projects. SCM documentation was not provided by the Municipalities in this regard to support the procurement of service providers. The Department as the funding agent for these housing projects was not involved in the procurement and received a limitation of scope qualification during the 2015/16 financial year.

The Department has embarked on an extensive process to liaise with the Municipalities to obtain the required SCM documentation for all active housing projects. Documentation was received and contracts reviewed for 262 projects in respect of the 380 housing projects enrolled on the HSS system. The Department is currently performing an investigation relating to the 111 projects which are still to be reviewed / received. The table below reflects the details of the findings pertaining to the review of these documents:

Description	Number of projects
SCM documentation / Contracts received and reviewed	262
- Irregular projects	110
- Not Irregular projects	118
- Projects where no payments were made	34
SCM documentation still to be reviewed / received	111
Projects approved via the Departmental SCM Process	7
Total	380

With respect to these projects, the Department maintains that the 4 pillars of SCM have been achieved i.e.:

- Equity
- Value for money
- Fair dealing
- Competitiveness

The 5th pillar which relates to Transparency is in doubt as authentic supporting documentation is not on hand to support this pillar.

The Department is confident that value for money was attained as high standards are maintained when construction takes place and work is duly certified before payment is effected.

The Department has commenced with the submission to National Treasury for the condonement of irregular expenditure including the provision of all SCM documentation and reports by an independent service provider who has assessed the projects and performed a verification exercise on the existence of the houses (value for money) where expenditure was incurred. A total of 10 housing project packs have been submitted for the condonation process. The Department has made representation at National Treasury to provide an understanding of this Irregular Expenditure. The outcome of this condonement process is dependent on National Treasury officials and feedback is awaited in this regard.

The amended processes implemented to mitigate this risk are as follows:

- The Department has implemented strict SCM review processes at our Technical Evaluation stage prior to accepting projects. A detailed review of all SCM processes followed to ensure full compliance to MFMA and PFMA. Copies of SCM documentation is retained by the Department.
- In less capacitated Municipalities, the Department will take over the SCM processes.
- Provincial Treasury has provided training to Municipal officials in capacitating Municipalities to ensure full compliance with all SCM regulations and prescripts.
- The Department is communicating at various fora with Municipalities on the requirements for full compliance including workshops conducted by the Department, one-on-one engagements and interaction at various meetings e.g. MUNIMEC, Legal Forum, etc.
- Various correspondence have been sent to all Mayors and Municipal Managers to address these matters via the Department and Office of the MEC.
- A Policy Communique was developed and presented to all Municipalities at a consultative workshop which provides a directive on the way forward with respect to Supply Chain Management (SCM) compliance on human settlements projects.
- To avoid service delivery protests and litigation from Implementing Agents, the Department converted some tri-partite agreements to bi-lateral agreement where insufficient or no SCM documents could be obtained.

- **Future plans of the Department / Key Strategic Priorities**

The following key strategic priorities will be undertaken during the 2019/20 financial year:

- Increased focus on urban development, with emphasis on informal settlements in line with Outcome 8, to address the high demand due to rapid urbanisation, land invasion/occupation;
- Implementation of Radical Economic Transformation programmes;
- Fast tracking the implementation of the Title Deeds Restoration Programme (TRP);
- Address the housing needs of the vulnerable groups (Operation Sukuma Sakhe and emergency housing);
- The implementation of the National Housing Needs Register (NHNR) within the Municipalities;
- Institutionalisation and implementation of the KwaZulu-Natal Human Settlements Master Spatial Plan;
- Planning and implementation of catalytic projects;
- Facilitation of youth development and women empowerment initiatives;
- Implementation of the Military Veterans Programme;
- Acceleration of the delivery of serviced sites;
- Increased focus on the implementation of Finance Linked Individual Subsidy Programme (FLISP);
- Focussed attention on the effective implementation of the Expanded Public Works Programme (EPWP);
- Strengthened and focused attention on improving organisational service delivery culture and ethics;
- Strengthened institutional capacity of municipalities through the accreditation programme; and
- Continue with Human Settlements Consumer Education programmes.

- **Public-Private Partnerships**

There are no public-private partnerships entered into during the financial year.

- **Discontinued activities / activities to be discontinued**

There are no discontinued activities or activities to be discontinued.

- **New or proposed activities / Envisaged Policy Interventions**

The Department does not have any new or proposed activities but has the following envisaged policy interventions:

Managing informal settlements

The Department has shifted its policy of eradicating informal settlements to that of upgrading them and restoring dignity and pride to these households. The Department has adopted a planned informal settlement approach.

Student accommodation

The supply of student accommodation by tertiary institutions does not meet the demand. The Department is intent to play a role in bridging this gap. The Department is engaging with the Department of Public Works and National Treasury towards this.

- **Supply Chain Management**

- **There were no unsolicited bids for the year under review.**

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 the 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.

- **SCM processes and systems are in place to prevent irregular expenditure**

- SCM processes and systems in place include financial delegations, policies, practice notes and relevant prescripts and legislation.
- Bid committees (specification, evaluation and adjudication) are in place and members are appointed in writing.
- When invoices are received, they are verified against the checklist to establish possible irregular expenditure.
- When irregular expenditure is discovered, it is recorded and reported to the relevant authority for formal responses.
- The Supply Chain Management Policy is in place and it is reviewed regularly in line with SCM prescripts.
- All acquisitions are done in line with Supply Chain Management Policy and Standard Operating Procedures.
- Bid Committee meetings – meetings for the whole year are scheduled at the beginning of the year to ensure the availability of members and invitations and reminders are sent electronically.

- **Challenges experienced in SCM and how they were resolved**

- Delays in finalising the bid process – in order to expedite the bid process the Department has appointed three bid evaluation committees with one being for general Goods and Services, the other being for construction and an interim bid evaluation committee for fixed price documents.
- Poor response from service providers registered in the CSD resulting in non-compliance with the requirements of the minimum number of quotation for different thresholds – A blanket approval for an assessment and approval of such quotations was granted; whereby the Accounting Officer delegated the function to the Director: SCM. This is recorded in a register for audit purposes.
- IT assets not properly updated on the Movable Asset Register – SCM has taken over the function of allocation of computer equipment to users.
- Unauthorized movement of assets – Users are now fully accountable for movement of assets allocated to them.
- Urgent requests for MEC outreach programmes – this matter was discussed at Provincial level and the Provincial Treasury has arranged a transversal contract for events management.

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

Annexure 1D of the Annual Financial Statements reflects all gifts or donations received in kind from non-related parties.

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

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

- **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.

- **Acknowledgement or Appreciation**

I want to thank the team of public servants who strive to better the lives of the people by their dedication, initiatives and efforts that ultimately lead to the fulfillment of the lives of people. We hope to live up to the ideas of Nelson Mandela by selflessly serving the people.

I would like to thank the Honourable MEC and the Executive Management Team for their effort and hard work and staff at all levels for their continued commitment to ensuring that the Department meets its statutory obligations.

- **Conclusion**

The Department has ensured that the resources allocated to it has been efficiently and effectively utilised to achieve the service delivery targets whilst reducing the housing backlog in the Province through dedicated and committed public servants. I am thankful to those dedicated officials who have selflessly produced results to render housing to those in need.

- **Approval and sign off**

The Annual Financial Statements set out on pages 144 to 227 have been approved by the Acting Accounting Officer.



Mr. M.O.S. Zungu
Acting Accounting Officer
KwaZulu-Natal Department of Human Settlements
Date: 31 July 2019

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 2019.

Yours faithfully



Mr. M.O.S. Zungu
Acting Accounting Officer
KwaZulu-Natal Department of Human Settlements
Date: 31 July 2019

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
<p>1. Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)</p>	<p>Chapter 2: Bill of Rights: 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>
<p>2. Housing Act, 1997 (Act No. 107 of 1997)</p>	<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>
<p>3. Housing Consumer Protection Measures Act, 1998 (Act No. 95 of 1998)</p>	<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; (i) regulate insurers; and (j) in particular, to achieve the stated objects of this section in the subsidy housing sector.
<p>4. Rental Housing Act, 1999 (Act No. 50 of 1999)</p>	<p>Chapter 2: Section 1:</p> <p>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:</p> <ul style="list-style-type: none"> (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

LEGISLATION	MANDATE
5. Sectorial Titles Act, 1986 (Act No. 95 of 1986, as amended by Act No. 24 & 29 of 2003)	<p>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.</p> <p>The Act further provides for:</p> <ol style="list-style-type: none"> 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, 1998 (Act No. 19 of 1998)	<p>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 considering all the relevant circumstances, and if:</p> <ol style="list-style-type: none"> (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 (b) it is in the public interest to grant such an order. <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, 2000 (Act No. 63 of 2000)	<p>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.</p>
8. Disestablishment of South African Trust Limited Act, 2002 (Act No. 26 of 2002)	<p>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.</p>

LEGISLATION	MANDATE
<p>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)</p>	<p>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 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 (Act No. 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> <ul style="list-style-type: none"> (a) undertake projects; (b) maintain, sell, or lease dwellings and other immovable property; (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; (d) determine provincial policy in respect of housing development; (e) promote the adoption of provincial legislation to ensure effective housing delivery; and (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 (Act No. 65 of 1988) as amended by Act No. 20 of 1998</p>	<p>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.</p>

LEGISLATION	MANDATE
12. National Building Regulations and Building Standards Act, 1997 (Act No. 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, 2000 (Act No. 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, 2000 (Act No. 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, 2008 (Act No. 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, 2008 (Act No. 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 human settlements.
17. National Environmental Management Act, 1998 (Act No. 107 of 1998) as amended by Act No. 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, 2004 (Act No. 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, 1996 (Act No. 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, 1937 (Act No. 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.

LEGISLATION	MANDATE
21. Extension of Security of Tenure Act, 1997 (Act No. 62 of 1997)	The Act promotes: <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 owner; and c) regulating the eviction of vulnerable occupiers from land in a fair manner.
22. Land Administration Act, 1995 (Act No. 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 No. 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, 1961 (Act No. 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
1. Informal Settlement Upgrading Strategy for KwaZulu-Natal	<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.

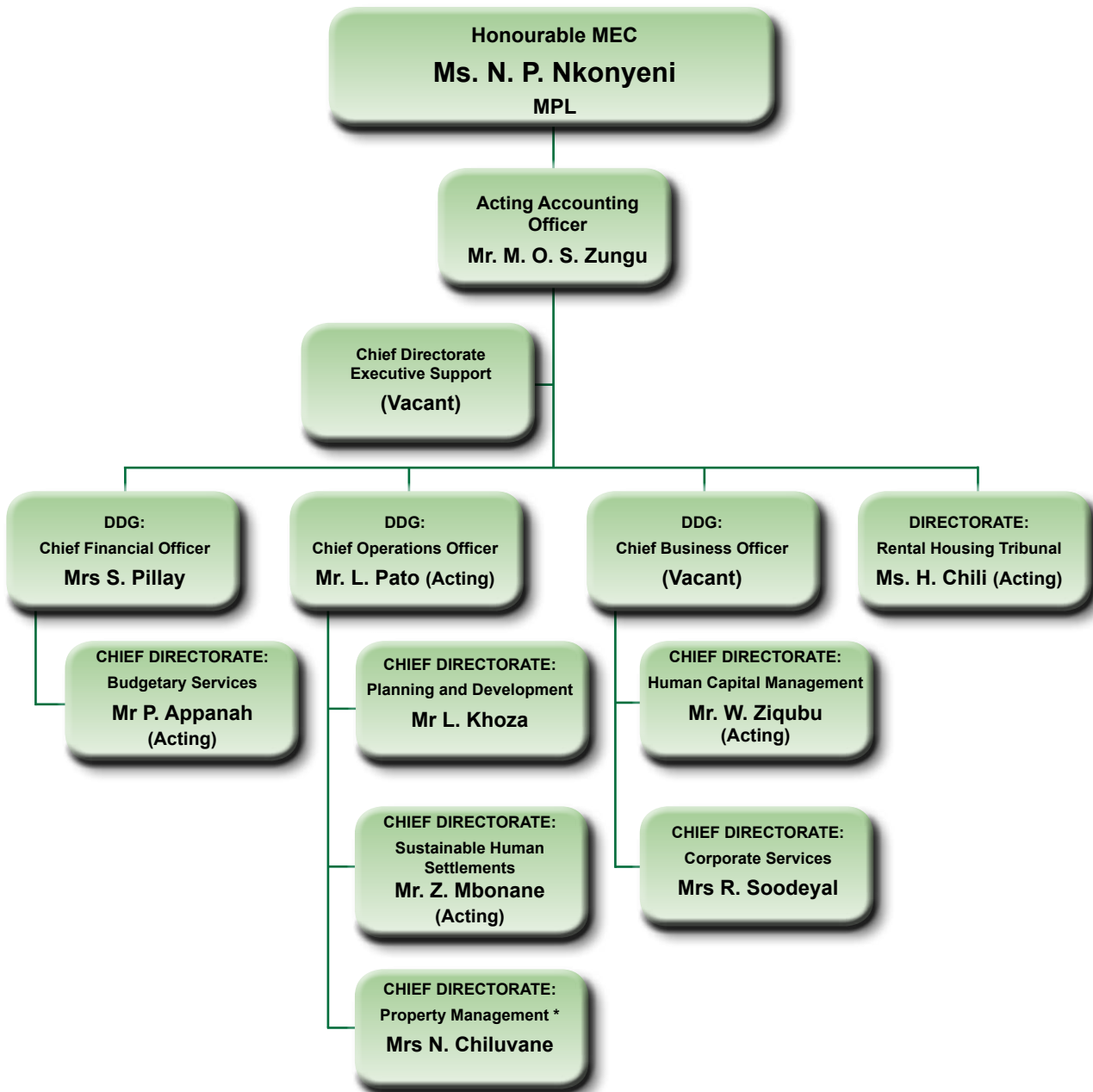
NAME OF POLICY	MANDATE
<p>2. The Integrated Sustainable Rural Development Strategy, November 2000</p>	<p>The Strategy is designed to realize a vision that will attain socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, 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 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 be followed in order to access the specific instrument.</p>
<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>

NAME OF POLICY	MANDATE
	<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>
5. Building capacity of housing stakeholders (especially municipalities)	<p>The Housing Act, 1997 (Act No. 107 of 1997) provides that all 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>
6. Outcome 8: Medium Term Strategic Framework 2014-2019	<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.
7. Provincial Growth and Development Plan	<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 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 it departure point the Provincial Spatial Development Framework, which has identified KZN's areas of opportunity and intervention.</p>

NAME OF POLICY	MANDATE
	<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 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 & Middle Income / Affordable Market</p> <p>This intervention seeks to provide housing subsidy for people, who earn between R 3 501 – R 22 000 per month. The Finance Linked Individual Subsidy Programme (FLISP) instrument addresses this housing subsidy market.</p> <p>The policy on FLISP distinguishes income categories as follows:</p> <p>R3501 – R7000 (GAP Market: as such income category market do not qualify for a free BNG house nor do they qualify for a mortgage bond usually, hence referred to as “gap”). This category is therefore accommodated by inclusion of gap income market in all new IRDP housing projects.</p> <p>R 7000 – R 22 000 (Middle Income / Affordable market. The financial institutions refer to this category as “affordable”, and this income category allows for the subsidising of a purchase of a first home, with a mortgage bond, in primary (new builds) or secondary market. The subsidy is availed to reduce the mortgage bond debt OR to be used as a deposit OR where 100% bond is not granted.</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 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.</p>

NAME OF POLICY	MANDATE
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 creation strategy; • Ensuring property can be accessed by all as an asset for wealth creation and empowerment; • Leveraging growth in the economy; • Combating crime, promoting social cohesion and improving quality of life for the poor; 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



* Post not on organisational structure but recognised as compensation is paid via the Department.

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 (NHBR), 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 137 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. However, the number of sites serviced and properties transferred fell short of expectations. The under-performance in sites serviced can be attributed to the delay from the municipalities on the installation of the bulk infrastructure. The land and legal issues such as the lack of township layouts and registers prevented the transfer of title deeds to home owners.

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
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	20,068	20,626

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 is operating in line with an approved organisational structure. However, due to fiscal constraints and cost containment measures within the Province, the Department is only allowed to fill critical service delivery posts with the approval of the Premier and the MEC for Finance. The appointment of suitably qualified employees with the relevant technical skills using Operational Capital funding has improved service delivery and also closed the gap of scarce skills as identified by the Department. The Department is in the process of finalising the review of the approved organisational structure. The proposals made are responsive to the promotion of the principles of the NDP and other priority areas inclusive of youth development.

In terms of the transformation profile of the Department as at March 2019:

- 68% of the black employees are at senior management level;
- 52% of senior management level employees are female; and
- 1,66% of people with disabilities are employed.

With regard to the age distribution, the Department has a fairly balanced staff complement in terms of youth, middle age and mature staff as reflected hereunder:

AGE BAND	%
20-34 (Youth)	31,4%
35-49 (Middle Aged)	36,9%
50+ (Matured)	31,7%

The above reflects that this Department has opportunities for knowledge retention, mentorship and succession planning to ensure institutional stability and consistency.

The Department has identified scarce skills in Geo-technology Engineering, Engineering Civil/Structural, Quantity Surveying, and Construction Project Management. In addressing the skills disparities of the Department, the following skills development programmes are being conducted which also equip unemployed graduates with necessary skills, knowledge, values and work experiences in order to improve their chances of employment within and outside the Public Service:

- Graduate Internship Programme;
- Bursary Programme;
- National Scholarship Programme;
- Graduate Mentorship Programme;
- Training Programmes;
- Adult Education and Training Programme; and
- Work Integrated Learning Programme

The cost containment measures effected for the recruitment processes have also impacted on the timeous provision of adequate human capital. This together with ensuring that the Department has the objective of having a skilled human resource necessitates that need for the optimal utilisation of human resources to maximise productivity and effectiveness.

Programme intervention to address skill deficiencies, the proper matching of skills and placements, the effective administration of service conditions and employee wellness programmes as well as performance incentives need to be strengthened.

The Department has a functional performance management system to improve quality of staff performance and performance based interventions as well as a functional Employee Wellness Programme to assist employees to live healthy balanced lifestyle through various initiatives viz:

- GEMS Health Screening on TB, HIV/AIDS, Optometry, Dentistry & Gynecology services;
- Health Life Style Awareness conducted by Herbal Life, Forever Living, & Virgin Active;
- Financial Information Sessions; and
- Referrals to Professional Institutions.

During the forthcoming year, attention will be given to human resource planning to ensure effective forecasting, inventorying, and securing the Department's provision of skilled human resources, review and alignment of the organizational structure and a seamless human resource administration services that will ensure availability of the right number and maximum

utilization of human resources. The optimal utilisation of human and other resources within the cost containment imperatives is also deemed to be essential in order to maximise productivity and effectiveness.

2.4 Key policy developments and legislative changes

No key policy or legislative changes.

3. STRATEGIC OUTCOME ORIENTED GOALS

The table below highlights the core service delivery achievements for the Department.

Further detailed information is disclosed in Part B of the Annual Report.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Integrated Residential Development Programme: Number of houses completed	1,454	2,755	1,533	2,704	2,307	(397)	The delivery of houses has been delayed due to bulk water connection issues experienced with the District Municipalities.
Informal Settlements Upgrade Programme: Number of houses completed	3,168	4,212	2,972	4,110	1,221	(2,889)	The challenge of Bulks as well as the difficulties in moving people whose houses is on the way of services poses a challenge, hence the under-performance.
Enhanced Peoples Housing Process Number of houses completed	2,960	3,691	2,943	3,199	3,929	730	This is a recovery from previous year's performance in the Vulindlela Housing Project, which is as a result of arrear payments for completions that were owed by Province to the Developer.
Number affordable rental housing opportunities Number of Social housing units completed	76	971	558	330	208	(122)	Delays in commencements of planned projects due to the reasons below: 1) Lack of credible SHI data base. 2) Lack of Land disposal policy for municipalities.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of units completed in terms of the FLISP Programme	365	315	377	2,226	245	(1,981)	There has been a noticeable increase in delivery relative to the previous financial years, with performance at 41%, where actual of 245 FLISPs were delivered against the annual target of 600. It is to be noted that the balance of stated target of 2,226 incorporates the serviced sites programme targets under the FLISP Programme, as it currently appears in the APP and 2018/19 Business Plan. Hence, the balance of target of 1,626 should be included under the IRDP Programme, as actual delivery of sites will also be reported under the IRDP Programme. However, the annual target could not be changed because the APP was not re-tabled.

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 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Ensure the financial viability of the Department: Approved HSDG business plan	1	1	1	-	Target has been achieved.
Ensure the financial viability of the Department: Approved Medium Term Expenditure Framework Database with Estimated Provincial Revenue and Expenditure Report (EPRE) for Human Settlements	-	1	1	-	Target has been achieved.
Implement the approved Human Resource Development Plan: Approved Human Resource Plan reviewed annually	1	1	1	-	Target has been achieved.
Improve information systems: Approved IT (Information Technology) Strategy reviewed annually	1	1	1	-	Target has been achieved.

Programme 1: Administration					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Provide strategic leadership to achieve good governance: Approved Litigation Management Strategy	-	1	1	-	Target has been achieved.
Provide strategic leadership to achieve good governance: Approved Communication Strategy reviewed annually	-	1	1	-	Target has been achieved.

Provincial Performance Indicators and Targets

Programme 1: Administration							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Personnel information on PERSAL System verified	62%	85%	87%	100%	80%	(20%)	Underperformance is due to insufficient capacity of personnel and the delay in the response from academic institutions.
Redesign of approved organisational structure finalised	-	-	-	1	-	(1)	Consultation with line management on the 6th February 2019. Workshop with EXCO and MANCO members on the 25th. Delay in confirming dates for consultation with line management.
Approved ICT Governance Framework reviewed annually	-	4	1	1	1	-	Target has been achieved.
Approved Fraud Prevention Plan reviewed annually	1	1	1	1	1	-	Target has been achieved.
Approved Risk Management Plan reviewed annually	-	-	1	1	1	-	Target has been achieved.

Programme 1: Administration							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of litigation cases mitigated	-	-	-	4	14	10	Target has been exceeded.
Approved MPAT Improvement Plan reviewed annually	-	-	1	1	1	-	Target has been achieved.

Strategy to overcome areas of under performance

The Department has also not achieved its set target of 100% verification of Persal data. Instead 80% was achieved. Due to the capacity constraints faced by Persal, the Senior Manager: Human Resources has moved the capturing point to a unit with more resources. Progress has been noted from the 2015/16 financial year in this regard.

Changes to planned targets

There were no changes to planned targets.

Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	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	227,193	227,193	-	215,298	217,793	(2,495)
Total	227,193	227,193	-	205,279	205,279	-

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 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Planning integrated and sustainable human settlements in line with the KZN HSMP Municipal Spatial Development plans aligned to the KZN HSMP's focus areas	-	20	3	(17)	Target was not achieved due to the late completion and approval of the HSMP. On approval the IDP cycle was 5 months in draft stage thus the alignment of HSMP was not part of the development programme of the IDP review.
Planning integrated and sustainable human settlements in line with the KZN HSMP Approved beneficiary capacitation strategy on home ownership reviewed annually	-	1	-	(1)	Target was not achieved due to capacity constraints.
Planning integrated and sustainable human settlements in line with the KZN HSMP Number of nationally approved catalytic projects in planning	5	4	5	1	Target has been exceeded.

Performance indicators

Programme 2: Housing Needs, Research and Planning							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of Catalytic Projects approved	-	-	-	2	1	(1)	Target was not achieved due to poor performance of municipality's project approval processes.
Number of Catalytic Projects implemented	-	-	-	4	4	-	Target has been achieved.
Number of households provided with consumer education	-	-	-	12,000	23,147	11,147	Target has been achieved and exceeded due to an increased demand for Consumer Education.
Number of projects in planning	-	-	-	104	118	14	Target has been exceeded.
Number of policies approved	4	2	-	1	4	3	Target has been exceeded.
Approved multi-year housing development plan reviewed annually	1	1	1	1	1	-	Target has been achieved.
Number of accredited municipalities provided with institutional support	-	-	-	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 documents 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 2018/19. 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.

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

Sub- Programme Name	2018/2019			2017/2018		
	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	377	377	-	336	336	-
Policy	4,048	4,048	-	3,921	3,921	-
Planning	4,179	4,179	-	3,740	3,740	-
Research	8,724	8,724	-	8,514	8,514	-
Total	17,328	17,328	-	16,511	16,511	-

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 the 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 / affordable (FLISP) opportunities”.

Strategic objectives

Programme 3: Housing Development					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Fast track the upgrading of informal settlements, integrated residential developments, enhanced peoples housing process, gap income market housing, social/ rental housing and community residential units (Outcome 8) Number of Urban Housing Opportunities created in line with National Service Delivery Outcome 8, National Development Plan, the Provincial Growth and Development Strategy, Integrated Urban Development, Framework KZN HSMSP	8,491	6,814	4,244	(2,570)	The delivery of houses has been delayed due to bulk water connection issues experienced with the District Municipalities.
Implement the Rural Housing Programme inclusive of Farmworkers Housing Programme: Number of Rural Housing opportunities created	11,237	6,760	16,382	9,622	The demand in this sector of Human Settlements coupled with the fact that there has been a relative slowdown in the delivery of urban projects in the Metro, has led to the relative increase in the delivery in the Rural Sector.

Programme 3: Housing Development					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Fast-track the implementation of the Title Deeds Restoration Programme (From 01 April 1994 to 31 March 2019): Approved implementation plan to fast track the implementation of the Title Deeds Restoration Programme (From 01 April 1994 to 31 March 2014) reviewed annually	-	1	1	-	Target has been achieved.
Fast-track issuing of title deeds (From 01 April 2014 to 31 March 2016): Approved implementation plan to fast track the issuing of the Title deeds which were not issued during the “swopping” of project milestones during 01 April 2014 to 31 March 2016 reviewed annually	-	1	1	-	Target has been achieved.
Fast-tracking the development plan for housing opportunities for military veterans: Number of housing opportunities for military veterans	-	76	3	(73)	The construction of military veterans houses was hampered by a number of challenges including the shortage of material on site, lack of capacity of Implementing Agent to construct houses, the principle of ‘Nothing About Us without Us’, military veterans who cannot be approved in the HSS as they have benefitted previously, verification of military veterans who live in rural areas into DMV database and construction of houses not in line with the generic specification.

Performance indicators

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of informal Settlements upgraded	-	-	-	2	1	(1)	The targeted informal settlements were Fourdoon Project in Umgungundlovu District and Greytown Slums Clearance in Umzinyathi District. Fourdoon Project was completed and closed-out but Greytown Phase 1 was also completed but it couldn't be closed-out because Phase 2 is not yet completed.
Number of households benefiting from informal settlements upgrading	-	-	-	4,110	1,221	(2,889)	The challenges of Bulks as well as the difficulties in moving people whose houses are on the way of services poses a challenge, hence the under-performance.
Number of housing units for subsidy sub-market provided (All housing programmes excluding Rectification and gap income market)	-	-	-	17,842	20,381	2,539	This is as a result of over-performance in Rural Housing which came about partly as the result houses affected by inclement weather in the Province, as well as the acceleration in the delivery of OSS houses.
Number affordable rental Housing opportunities: Number of Social housing units completed	76	971	558	330	208	(122)	Delays in commencements of planned projects due to the reasons below: 1) Lack of credible SHI data base. 2) Lack of Land disposal policy for municipalities

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number affordable rental Housing opportunities: Number of Community residential units completed	270	77	108	330	48	(282)	The SCM processes of the eThekweni Municipality took longer than anticipated. Projects could not then start on time as a result of delays in procurement. 1) Non-performance by the contractor at Rocky Park. 2) The Jika Joe and N11 CRU projects were delayed by the process of being converted from CRU project into Social Housing project where a national directive was issued. National had since clarified that the projects can continue being implemented as CRUs as initiation was before the directive was issued.
Number of new title deeds issued for the subsidy market (from April 2014)	-	-	-	4,026	1,722	(2,304)	Difficulties experienced with the turnaround time at Deeds Office which the Department has no direct control over. However there is a noticeable increase recently.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of post-1994 title deeds issued (April 1994-March 2014)	2,166	3,122	7,630	18,003	2,359	(15,644)	Reported under-performance is attributable to the capacity challenges in the TRP Unit. Unresolved land issues and incomplete planning activities were also identified during the conveyancing process. As planning activities were undertaken other land surveying issues were identified due to encroachments. Conforming settlements to the approved layout was another challenge that inhibited the desired outcome. EThekweni Metro is carrying most of the provincial backlogs with projects mainly affected by the missing beneficiaries, town planning and compliance certification.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of units completed in terms of the FLISP Programme	365	315	377	2,226	245	(1,981)	There has been a noticeable increase in delivery relative to the previous financial years, with performance at 41%, where actual of 245 FLISPs were delivered against the annual target of 600. It is to be noted that the balance of stated target of 2,226 incorporates the serviced sites programme targets under the FLISP Programme, as it currently appears in the APP and 2018/19 Business Plan. Hence, the balance of target of 1,626 should be included under the IRDP Programme, as actual delivery of sites will also be reported under the IRDP Programme. However, the annual target could not be changed because the APP was not re-tabled.
Number of households provided with adequate sanitation facilities	-	-	-	4,110	9,233	5,123	This is as a result of increased delivery in housing delivery, where Province ensures that every house that is delivered has a sanitation facility.
Percentage of HSDG construction budget allocated to designated groups	-	-	-	30%	12%	(18%)	Majority of construction projects were awarded in the previous years as multi-year projects by municipalities.
Integrated Residential Development Programme Number of new sites connected to basic services	3,905	3,288	1,702	2,265	4,444	2,179	The Implementing agents increased their capacity in order to meet the yearly target, hence the over-performance in the current quarter.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Integrated Residential Development Programme: Number of houses completed	1,454	2,755	1,533	2,704	2,307	(397)	The delivery of houses has been delayed due to bulk water connection issues experienced with the District Municipalities.
Informal Settlements Upgrade Programme: Number of new sites connected to basic services	2,960	3,120	2,676	3,275	1,130	(2,145)	The problem of alignment of Bulks by District Municipalities still remains a challenge. Although these are confirmed at planning stage, the challenge always comes when it needs to be implemented, hence the under-performance.
Informal Settlements Upgrade Programme: Number of houses completed	3,168	4,212	2,972	4,110	1,221	(2,889)	The challenge of Bulks as well as the difficulties in moving people whose houses is on the way of services poses a challenge, hence the under-performance.
Enhanced Peoples Housing Process Number of houses completed	2,960	3,691	2,943	3,199	3,929	730	This is a recovery from previous year's performance in the Vulindlela Housing Project, which is as a result of arrear payments for completions that were owed by Province to the Developer.
Emergency Housing Programme (inclusive of Sukuma Sakhe): Number of houses completed	1,501	418	503	739	886	147	This is as a result of a "catch-up" programme in this Item, which did not start well and is beginning to increase in production.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Military Veterans Housing Programme: Number of houses completed	-	-	-	76	3	(73)	The construction of military veterans houses was hampered by a number of challenges including the shortage of material on site, lack of capacity of Implementing Agent to construct houses, the principle of 'Nothing About Us without Us', military veterans who cannot be approved in the HSS as they have benefitted previously, verification of military veterans who live in rural areas into DMV database and construction of houses not in line with the generic specification.
Rural Housing (Inclusive of Farm Worker Programme): Number of houses completed	16,539	10,093	11,237	6,760	11,782	5,022	The demand for delivery in this Programme, coupled with the fact that there has been slow down in delivery in other programmes due to Bulks, has led to the over-performance in this programme.
Rectification/ Rehabilitation (1994-2002 stock) Programme: Number of units rectified	910	509	1,745	248	588	340	The need and the plight of people living in falling houses have necessitated the acceleration of delivery in this item to avoid catastrophe.
Number of work opportunities created through related programmes	6,181	6,691	8,264	5,500	7,492	1,992	Target has been exceeded.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
All subsidy instruments: Number of properties transferred (from April 1994)	2,166	3,122	7,630	22,029	4,081	(17,948)	Deeds Office rejections slower the process for registration of title deeds. Most of the sites are affected by section 28(1) certificate in eThekweni Metro.
All subsidy instruments: Number of serviced sites delivered in all housing programmes being utilised by the Province.	6,879	6,408	6,280	5,540	5,574	34	The over-performance is as a result of an increase in the need to deliver in this Programme, due to insufficient funding to deliver complete houses due to recent budget cuts.
All subsidy instruments: Number of new housing units completed in the Province across all housing programmes (Excluding Rectification)	26,552	22,532	20,231	20,068	20,626	558	The demand for delivery has led to the over-performance in this programme.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Integrated Residential Development Programme: Number of houses completed	1,454	2,755	1,533	2,704	2,307	(397)	The delivery of houses has been delayed due to bulk water connection issues experienced with the District Municipalities.
Informal Settlements Upgrade Programme: Number of houses completed	3,168	4,212	2,972	4,110	1,221	(2,889)	The challenge of Bulks as well as the difficulties in moving people whose houses is on the way of services poses a challenge, hence the under-performance.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Enhanced Peoples Housing Process Number of houses completed	2,960	3,691	2,943	3,199	3,929	730	This is a recovery from previous year's performance in the Vulindlela Housing Project, which is as a result of arrear payments for completions that were owed by Province to the Developer.
Number affordable rental Housing opportunities Number of Social housing units completed	76	971	558	330	208	(122)	Delays in commencements of planned projects due to the reasons below: 1) Lack of credible SHI data base. 2) Lack of Land disposal policy for municipalities.
Number of units completed in terms of the FLISP Programme	365	315	377	2,226	245	(1,981)	There has been a noticeable increase in delivery relative to the previous financial years, with performance at 41%, where actual of 245 FLISPs were delivered against the annual target of 600. It is to be noted that the balance of stated target of 2,226 incorporates the serviced sites programme targets under the FLISP Programme, as it currently appears in the APP and 2018/19 Business Plan. Hence, the balance of target of 1,626 should be included under the IRDP Programme, as actual delivery of sites will also be reported under the IRDP Programme. However, the annual target could not be changed because the APP was not re-tabled.

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

There were no changes to planned targets.

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

Sub- Programme Name	2018/2019			2017/2018		
	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	89,605	89,605	-	90,595	88,121	2,474
Financial Interventions	500,659	501,981	(1,322)	606,705	606,705	-
Incremental Interventions	1,212,409	1,161,959	50,450	1,352,600	1,352,987	(387)
Social and Rental Interventions	109,156	109,156	-	108,326	108,326	-
Rural Interventions	1,442,090	1,442,677	(587)	1,479,258	1,496,336	(17,078)
Total	3,353,919	3,305,378	48,541	3,637,484	3,652,475	(14,991)

4.4 Programme 4: Housing Asset 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 eThekweni 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 Asset Management, Property Management					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Fast-track the implementation of the Title Deeds Restoration Programme (prior to 01 April 1994): Approved Implementation Plan for the Title Deeds Restoration Programme (Prior to 01 April 1994) reviewed annually	-	1	1	-	Target has been achieved.

Programme 4: Housing Asset Management, Property Management					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Fast track the devolution of properties of the KwaZulu-Natal Housing Fund to municipalities in terms of section 15 of the Housing Act, 1997: Approved Implementation Plan for the Devolution of the KwaZulu-Natal Housing Fund properties to the municipalities in terms of section 15 of the Housing Act, 1997 reviewed annually	-	1	1	-	Target has been achieved.

Performance indicators

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of Pre-1994 title deeds issued	655	525	779	9,225	875	(8,350)	<p>Target set was unrealistic and in line with TRP funds ring-fenced for the issue of title deeds.</p> <p>1) Delays by the Msunduzi Municipality in the issuing of rates clearance certificates.</p> <p>2) Resistance by communities to take ownership of properties through sectional title schemes due to issues on maintenance, rectification and the payment of levies.</p> <p>3) Poor performance of Conveyancers.</p>

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of rental units sold to beneficiaries	-	-	232	458	239	(219)	Rental properties consist of blocks of flats which are to be sold by sectional title. There is resistance by communities to take ownership of properties through sectional title schemes due to issues on maintenance, rectification and concerns over the taking on of additional expenditure e.g. levy, rates and maintenance payments.
Number of debtors reduced per financial year	-	-	222	560	405	(155)	The number of debtors reduced is linked to the number of rental units sold. Only once the number of rental units sold increases (above APP), will the number of debtors balances reduced on the Debtors System increase.
Number of units maintained	3,025	1,985	968	770	1,030	260	Target has been exceeded.
Number of units rectified for Pre-1994 stock	2,094	993	669	764	480	(284)	The under-performance is due to works at eThekweni Municipality projects not proceeding as projected due to two contracts having expired and funds not being tranced as projected.

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of Land Parcels devolved to Municipalities in terms of Section 15 of the Housing Act, 1997	-	-	-	62	18	(44)	1) Delays due to the receipt of rates clearance certificates. 2) Delays on the part of municipalities to provide council resolutions. 3) Slow conveyancing process since the panel of conveyancers not yet appointed by DOHS.

Strategy to overcome areas of under performance

Underlying land issues and township establishment delays caused under-delivery in the issuing of title deeds. 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

There were no changes to planned targets.

Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	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	42,405	41,501	904	40,812	38,303	2,509
Sale and Transfer of Housing Properties	59,950	58,188	1,762	57,996	42,344	15,652
Housing Properties Maintenance	84,284	85,041	(757)	98,633	99,308	(675)
Total	186,639	184,730	1,909	197,441	179,955	17,486

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
Nil	-	-	-	-

5.2. Transfer payments to public corporations and private enterprises

Name of Entity	Services rendered by the entity	Amount transferred to the entity	Amount spent by the entity	Achievements of the entity
Nil	-	-	-	-

5.3. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2018 to 31 March 2019:

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 per DORA (R'000)	Amount transferred to the entity (R'000)	Reasons for the funds unspent by the entity
Department of Transport	Provincial Department	Motor licences	Y	149	149	-
eThekwini Municipality	Municipality	Finance Linked Individual Subsidy Programme	Y	569	569	-
eThekwini Municipality	Municipality	Operational Costs for Accredited Municipality	Y	17,085	17,085	-
Ray Nkonyeni Municipality	Municipality	Operational Costs for Accredited Municipality	Y	4,950	4,950	-
Msunduzi Municipality	Municipality	Operational Costs for Accredited Municipality	Y	10,956	10,956	-
Alfred Duma Municipality	Municipality	Operational Costs for Accredited Municipality	Y	676	676	-
Newcastle Municipality	Municipality	Operational Costs for Accredited Municipality	Y	3,102	3,102	-
uMhlatuze Municipality	Municipality	Operational Costs for Accredited Municipality	Y	3,272	3,272	-
KwaDukuza Municipality	Municipality	Operational Costs for Accredited Municipality	Y	3,057	3,057	-
eThekwini Municipality	Municipality	Title Deeds Restoration Programme	Y	47,696	47,696	-
Umngeni Municipality	Municipality	Title Deeds Restoration Programme	Y	718	718	-
Mpofana Municipality	Municipality	Title Deeds Restoration Programme	Y	678	678	-
Msunduzi Municipality	Municipality	Title Deeds Restoration Programme	Y	8,966	8,966	-

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 per DORA (R'000)	Amount transferred to the entity (R'000)	Reasons for the funds unspent by the entity
Richmond Municipality	Municipality	Title Deeds Restoration Programme	Y	2,000	2,000	-
Inkosi Langalibalele Municipality	Municipality	Title Deeds Restoration Programme	Y	32	32	-
Alfred Duma Municipality	Municipality	Title Deeds Restoration Programme	Y	1,354	1,354	-
Endumeni Municipality	Municipality	Title Deeds Restoration Programme	Y	446	446	-
Nquthu Municipality	Municipality	Title Deeds Restoration Programme	Y	717	717	-
Msinga Municipality	Municipality	Title Deeds Restoration Programme	Y	229	229	-
Newcastle Municipality	Municipality	Title Deeds Restoration Programme	Y	1,386	1,386	-
Uphongolo Municipality	Municipality	Title Deeds Restoration Programme	Y	90	90	-
Abaqulusi Municipality	Municipality	Title Deeds Restoration Programme	Y	1,012	1,012	-
Mtubatuba Municipality	Municipality	Title Deeds Restoration Programme	Y	5	5	-
Mandeni Municipality	Municipality	Title Deeds Restoration Programme	Y	2,219	2,219	-
Kwadukuza Municipality	Municipality	Title Deeds Restoration Programme	Y	1,377	1,377	-
Umzimkhulu Municipality	Municipality	Title Deeds Restoration Programme	Y	633	633	-
Dr Nkosazane Dlamini Zuma Municipality	Municipality	Title Deeds Restoration Programme	Y	439	439	-
eThekweni Municipality	Municipality	Community Residential Unit Programme	Y	80,000	80,000	-
Transfer to Households	Various	HSDG and Social benefits	Y	2,823,431	2,823,431	-

The table below reflects the transfer payments which were budgeted for during the period 1 April 2018 to 31 March 2019, 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 tables below details the conditional grants and ear marked funds received during for the period 1 April 2018 to 31 March 2019:

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 (R'000)	R3,252,757
Amount received (R'000)	R3,252,757
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	R3,202,307
Reasons for the funds unspent by the entity	R50,450 million was not spent, due to the delays in releasing of funds to respective departments as well as the appointment of the Service Provider to undertake the reconstruction and rehabilitation of 250 units within uGu district.
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving Department	Department: Monthly performance / expenditure review meetings and daily spending patterns monitored National: Quarterly performance review meetings Portfolio Committees: Quarterly performance review meetings Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis

Conditional Grant 2: EPWP Integrated Grant

Department who transferred the grant	Provincial Treasury
Purpose of the grant	To alleviate poverty, reduce unemployment and provide livelihoods for the most disadvantaged sector of society
Expected outputs of the grant	See performance report
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R11,484
Amount received (R'000)	R11,484
Reasons if amount as per DORA was not received	N/A

Amount spent by the Department (R'000)	R11,484
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	<p>Department: Monthly performance / expenditure review meetings and daily spending patterns monitored</p> <p>National: Quarterly performance review meetings</p> <p>Portfolio Committees: Quarterly performance review meetings</p> <p>Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis</p>

Conditional Grant 3: Title Deeds Restoration Grant

Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide funding for the eradication of the pre-2014 title deeds registration backlog and the professional fees associated with it, including beneficiary verification.
Expected outputs of the grant	See performance report
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R101,422
Amount received (R'000)	R101,422
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	R101,422
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	<p>Department: Monthly performance / expenditure review meetings and daily spending patterns monitored</p> <p>National: Quarterly performance review meetings</p> <p>Portfolio Committees: Quarterly performance review meetings</p> <p>Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis</p>

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	2018/2019			2017/2018		
	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	15,432	15,432	-	26,026	29,913	(3,3887)
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	-	-	-	-	-	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-
Infrastructure transfer	196,926	193,664	3,262	124,210	256,934	(132,574)
Current	-	-	-	-	-	-
Capital	196,926	193,664	3,262	124,210	256,934	(132,574)
Infrastructure: Leases	23,921	24,494	(573)	22,374	25,626	(3,252)
Total	236,279	233,590	2,689	172,610	312,323	(139,713)



PART C:

GOVERNANCE

1. INTRODUCTION

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:

- An Executive Committee (Exco) as Executive Structure which determines the strategic and leadership goals of the Department;
- A Service Delivery Committee (Manco) which supports the core service delivery of the Department;
- A Departmental Ethics Committee (DEMC), which manages, monitors and regulates corporate governance in the Department;
- A Departmental Risk Management Committee (DRMC); which supports the Head of Department meet the requirements of the PFMA;
- A Shared Cluster Audit and Risk Committee (CARC) 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; and
- 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.

2. RISK MANAGEMENT

Risk Management Policy

- The Departmental Risk Management Policy was reviewed in consultation with key stakeholders, inclusive with reference with the draft Provincial Risk Management Framework.
- In keeping with the revised Risk Management Policy the Department has a fully functional Departmental Risk Management Committee which is chaired by the Head of Department. Members of this Departmental Risk Management Committee signs declaration in respect of conflict of interest form in each meeting. The Departmental Chief Risk Officer (Director: Risk Management & Advisory Services) continues to reporting directly to the Head of Department.
- The Risk Management Committee has successfully completed 100% Online Risk Management E-Learning and obtained Certificates of Achievement. The Departmental Risk Register is reviewed and reported on a quarterly basis to the Cluster Risk and Audit Committee.
- The Department working in partnership with Provincial Internal Audit Services (PIAS) has conducted six Specialised Risk Assessment during the Financial Year. The results of these risk assessment has been included in the Risk Profile of the Department. The Departmental Risk Management Committee evaluating the effectiveness of control systems and processes to ensure that the identified risks are reduced to minimal and or eradicated; and all action plans completed has been moved into current controls.

- The Departmental Risk Management Committee, has taken major decisions related to the control environment in managing and monitoring the Departments performance which has improved the existing controls and the effectiveness of the Organizations efficiency related to all operational programmes.

The Departmental Risk Committee has approved and Enterprise Risk Management Implementation Plan which manages all activities on Risk Management. In joint partnership with Provincial Internal Audit Services (PIAS) the Department Risk Committee has approved an Annual Operational Audit and Risk Management Support Plan, which has ensured programme internal audits are conducted to detect inefficiencies in systems and controls and to complement risks assessments in the Departments.

The results of the audit activities are managed and monitored by the Departmental Risk Management Committee via an Audit Log which is reported to Cluster Audit and Risk Committee on a quarterly basis.

Provincial Internal Audit as an outside assurance provider has reported positively on the Risk Maturity of the Department, which is recorded at 83% as at the end of the Financial Year.

3. FRAUD AND CORRUPTION

Fraud Policies & Plans

- The Departmental Fraud Prevention Plan was reviewed during the 2018/2019 financial year, in ensuring that it continues to aligned itself to Chapter Two (2) of the Public Service Regulations, 2016. It is responsive to Remunerative Work Outside the Public Service (RWOPS), Integrity and Ethics Management, Anti-Fraud and Corruption and Annual Financial Disclosures.
- In keeping with the planned programmes during the Financial Year ending 31 March 2019, the Department has reviewed all the supporting appendices to the Fraud Plan/Strategy, which includes (i.e., Fraud policy, Whistle Blowing Policy, RWOP Policy, etc.) that complement the Fraud Prevention Plan/Strategy.
- The Departmental Ethics Management Committee is fully functional and 4 meeting were held during the year. All application for RWOPS were reviewed by the committee and recommend for approval by the prescribed authoriser. In keeping with its mandate, all fraud and corruption related matters were dealt with efficiently and effectively, which include internal disciplinary/misconduct cases in the Department.
- The Department continues with its appointed Ethics Officer & Ethics Champion, to fulfil its mandate of ensuring ethical conduct, managing fraud and corruption and integrity management.
- Financial disclosures, were completed by all SMS members and also level 1-12 employees. Non-compliance by 7 officials at level 12 were treated by consequence management thus achieving success. A register recording all applications in respect of authority to do remunerative work outside the Departments (RWOPS) in terms of section 32 of the Public Service Amendment Act, 1997 is maintained.
- The Department has investigated all incidents of fraud and corruption which have been reported through the Departmental Whistle blowing policy and those channelled through National Anti-Corruption Hotline administered by the Public Service Commission.
- The Department continues to open criminal cases in relation to reported fraudulent activities in the area of housing scams, attempted sale of state properties. The Department continues to support Law Enforcement Agencies in dealing with reported criminal cases.

Fraud related cases of a complex nature are referred to Provincial Internal Audit Services for Forensic Investigation. This working relationship has given the Department an opportunity to access relevant resources and expertise, hence most of the cases have been finalized, except those affected by criminal proceedings.

The Department continues to report all cases on Fraud and Corruption to the Cluster Audit and Risk Committee on a quarterly basis, as part of monitoring and oversight.

4. MINIMISING CONFLICT OF INTEREST

The Departmental Policy on Conflict of Interest has regulated all aspects of conflict of interests in the workplace. Procurement Committee membership has been revisited, which includes Bid Adjudication, Bid Evaluation, Bid Specification and Disposal Committees. Prior to the commencement of each meeting members of these committees continues to sign the Declaration of Interests Form which is binding to their representation and functionality of these committees. Bid Committee members continue to recuse themselves from the Bid meetings in case there is potential conflict of interest and to protect the integrity of the Department against bid appeal processes.

The Recruitment Policy is also having the conflict of interest provisions, whereby the Selection Panels and the prospective employees are required to disclose conflict of interests. The policy allows the panel member to recuse himself/herself anytime during the selection process if he feels that there is potential conflict of interest. Instances of alleged non-disclosure of their status has resulted in dismissal of 3 staff members, based on falsification of information on their Curriculum Vitae.

The Department has completed and approved the review of the Conflict of Interest Policy in line with Public Service Regulations, 2016, during 2018/2019 financial year.

5. CODE OF CONDUCT

The Code of Conduct of the Public Service outlines the behaviour patterns and norms and standards expected from a government employee and it is the requirement of each Department to ensure that its employees are issued and educated on the content of the Code of Conduct.

The Department continues Fraud Awareness training to its employees in 2018/2019 and the Code of Conduct Manual was part of the training programme to all employees. An Ethics Survey was conducted during the Financial Year and the results has informed the Department of gaps related to Ethics, Fraud and code of conduct.

The Department is meet the requirements of ensuring that each new employee acknowledges receipt the Code of Conduct on his/her first day of assumption of duty and the employee.

The Departmental Labour Relations Unit within Human Resources Management monitors and manages all cases of non-compliance to the Code of Conduct and reports to Department of Public Service progressively.

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 and reviewed 19 April 2017 the Accounting Officer during the period under review achieved the following:

- Occupational Health and Safety (OHS) Committee met regularly to address OHS matters, during the period under review three (3) OHS Committee meetings were held.
- OHS Representatives met on a quarterly basis to discuss OHS matters, two (2) meetings were held during the period under review.
- OHS Site assessments were conducted throughout the department at Head Office, Regional Offices and the District Offices, in total fifteen (15) OHS Site assessments were conducted. The site assessments focused on ensuring emergency preparedness e.g. Evacuation Drills, risk identification inspection and auditing of first aid boxes.
- In order to further, address the OHS Audit findings, which revealed a deficiency in the hazard identification process the Department sent OHS Committee members on HIRA as well as Introduction to SAMTRAC training, these officials were capacitated with the necessary skills and competencies to undertake a risk assessment.
- OHS Team were trained on First Aid level 2, Firefighting Level 2. The legally appointed Departmental Incident Investigators were also trained on Incident Investigation and Reporting as well as on HIRA.
- Eight (8) awareness sessions on good manual handling techniques were conducted in the maintenance offices (Oribi and Austerville), SCM stores and registries of the Department (Legal services, HR, Main registry, Inland Region, Head Office) and attendance to the sessions was pleasing.
- Two (2) incidents were reported, investigated and recorded during the reporting period.
- The department has ensured that facilities and amenities in the workplace conform to OHS legislation and regulations by ensuring the installation of safety signage and equipment. Further, as part of the functionality criteria to be part of the standard bid document for the procurement of the Department's new offices, all OHS requirements have been included and Public Works advised accordingly.
- In order to increase emergency preparedness for Departmental staff and visitors the emergency contact numbers has been pasted throughout the Department, which provides the persons to contact for assistance during an emergency.
- During the reporting period, the Department's OHS team conducted OHS Risk Assessments of all offices and all risks identified were communicated with the landlords and Public Works for actioning.
- The items that were identified during an audit by Provincial Treasury as causing obstruction in the passages during evacuation (e.g. Couches) has been removed and placed in more suitable locations.

The Department was less effective in the following areas:

- The absence of an OHS qualified personnel (OHS Specialist) 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. Due to budgetary constraints, the status quo remains the same.

7. PORTFOLIO COMMITTEES

Human Settlements Portfolio Committee

7.1 Human Settlements Portfolio Committee

- Various meetings were held during the 2018/19 financial year to discuss various financial and non-financial information and performance.
- There were no resolutions tabled during the 2018/19 financial year.

7.2 Finance Portfolio Committee

Res. No.	Subject	Resolutions	Response by the Department
84/2018	Title Deeds Restoration Grant (TDRG)	<p>The Accounting Officer must provide a report to the Committee by 30 June 2018 on the following:</p> <ol style="list-style-type: none"> What exactly is TDRG and how will it be utilised? What impact will the creation of this grant have on other grants? A progress report on the spending of this grant and the impact it has on the issuing of title deeds. 	<p>a) In November 2014, the then Minister of Human Settlements committed to eradicate the registration backlog of title deeds in respect of housing units that had been built under the Department's Human Settlements Programme.</p> <p>These houses were for projects that were built Pre-94 and post 1994 (Projects completed by 31 March 2014). In Kwa-Zulu Natal alone, 150 694 properties (both pre-94 and post-94) have not been transferred to the rightful (approved) beneficiaries. The TDRG has been introduced to provide funding for the eradication of title deeds registration backlog.</p> <p>How will it be utilised?</p> <p>All funding reserved through the TDRG will be used for its intended purpose. It cannot be used to fund title deeds for housing projects completed after 31 March 2014. The grant will be used to fund the eradication of the title deed registration backlog and associated processes. These processes involve:</p> <ul style="list-style-type: none"> • Land surveying and pegging • Town planning • Opening and proclamation of township register • Beneficiary verification • Transfer costs <p>Other costs may include:</p> <ul style="list-style-type: none"> • Dispute resolution costs, which may follow after a detailed institutional arrangement analysis, and appropriate correspondence costing. • Ancillary items such as advertising to locate beneficiaries will be determined by market rates. <p>The transfer of the first tranche of funds is paid at the beginning of the financial year.</p>

Res. No.	Subject	Resolutions	Response by the Department
			<p>The transfer of subsequent tranches is conditional on provinces submitting a detailed report on the delivery and expenditure on the previous transfer.</p> <p>Provinces that do not spend 60% of their targeted spending by the end of each quarter may subsequently have funds stopped and reallocated in terms of section 18 and 19 of Division of Revenue Act, 2018.</p> <p>Requests may be submitted between 15 August and 15 October 2018 to amend the approved business plan and the request will be approved by 30 October 2018.</p> <p>b) It is a standalone grant which has been top sliced from the HSDG of the Province. The life span of the programme will run until 2020/21 financial year.</p> <p>Table 1 illustrates the progress of the TRP grant.</p>
85/2018	Housing Asset Management (which comprises the KZN Housing Fund)	<p>The Accounting Officer must provide a report to the Committee by 30 June 2018 on the following:</p> <p>a) What are the factors that led to the budget cut?</p> <p>b) How will service delivery be affected by the reduced budget?</p> <p>c) How will the Department source funding required so that it can address the shortfall?</p>	<p>a) The provision of R14 millions for the transfer of EEDBS properties was provided for in the new TDR Grant.</p> <p>In line with the directive from the National Minister of Human Settlements dated 15 May 2015 for rectification not to be funded from the HSDG, special ministerial consent was obtained for funding only in respect of existing contracted projects. It was also required that the state asset maintenance budget must be reduced; hence the budget was reduced by 50% as per detailed reports submitted prior to approval.</p> <p>b) Service delivery would not be adversely affected as the ring-fenced R14 million in TDR Grant for EEDBS transfers counterbalances the reduction of the Housing Fund allocation.</p> <p>The reduction in the budget for rectification will result in lesser units being rectified than originally planned and the construction programme will therefore be prolonged over a longer period of time.</p> <p>The maintenance of state assets will be affected by the reduction in budget as works will be restricted to emergencies and damages that pose a danger to life and limb.</p> <p>c) No shortfall in funding as an alternate funding is provided for EEDBS transfers under TDR Grant. In respect of Rectification, a moratorium has been placed on demolitions and rebuilds and the scope of works for rehabilitation has been reduced to effect savings. The Municipalities are being encouraged to apply for permission to utilise any available funding in the Municipal Housing Operating Account (MHOA). It is anticipated that in areas where rectification has commenced, there will be a savings in maintenance costs that will compensate for the shortfalls.</p>

Res. No.	Subject	Resolutions	Response by the Department
86/2018	Reduction of Human Settlement Development Grant	<p>The Accounting Officer must provide a report to the Committee by 30 June 2018 on the following:</p> <p>a) What are the factors that led to the reduction of this grant?</p> <p>b) How will the Department source funding required so that it can address the shortfall?</p>	<p>a) Province was notified of the budget reductions by National Department of Human Settlements which was as a result of Cabinet resolution passed for 2018/19 MTEF period.</p> <p>The reduction partly relates to fiscal consolidation cuts and partly to the creation of two new grants in the Human Settlements sector, namely the Title Deeds Restoration Grant (TDRG) and the Emergency Housing grant (held by the NDHS).</p> <p>b) The department requested approval to purchase 330 units in the Ridgeview Gardens for FLISP Development as well as to retain the profits from this sale from Provincial Treasury which was obtained on 21 June 2016. This development was to be repaired and upgraded after being vandalised, thereafter to be made available for the application of the FLISP subsidy instrument for middle income first time home buyers.</p> <p>In the approved submission the Department mentioned that the profit from this FLISP pilot will be used to supplement the KZN conditional grant for projects as funding from National has been greatly reduced, thereby impacting KZN's delivery against the housing backlog.</p> <p>The Department requested Provincial Treasury to re-allocate the funds collected from the sale of 330 FLISP units to address the shortfalls in the housing programmes.</p>
87/2018	Compensation of Employees	<p>The Accounting Officer must provide a report to the Committee by 30 June 2018 on the following:</p> <p>a) What tangible impact will these cuts on goods and services, across all programmes, will have on service delivery?</p> <p>b) Is the increase in the compensation of employees warranted if there is less work on the ground due to cuts in goods and services?</p>	<p>a) The Department was severely affected by the budget cuts implemented by National Treasury in 2016/17 MTEF as a result of the need to lower the expenditure ceiling across the country and prioritize to fund various national priorities that have arisen, hence the funding available to the province was reduced.</p> <ul style="list-style-type: none"> • Department had to implement the cost-containment measures, particularly against travel and subsistence costs. The Department is carefully managing all trips without compromising service delivery. • Utilization of public accommodation in cases of events and generally managing all expenditure closely. <p>b) The increase in the compensation of employees is mainly from a portion of the conditional grant funding (OPSCAP) which is allowed to be used for administrative purposes to enhance service delivery. Provision was made for filling of contract posts such as Construction Project Managers, Community Development Practitioners, etc. Project Management Unit (PMU) structure is being reviewed to increase capacity in areas like eThekweni, Zululand and Umgungundlovu in order to meet outcome 8 requirements.</p>

Res. No.	Subject	Resolutions	Response by the Department
88/2018	Infrastructure transfers: Capital	<p>The Accounting Officer must provide a report to the Committee by 30 June 2018 on the following:</p> <p>a) Why the infrastructure transfers (capital) was cut so substantially?</p> <p>b) What impact will this cut have on the municipalities especially to eThekweni metro?</p>	<p>a) Operational costs of the accredited municipalities were reduced due to the HSDG budget cut experienced in 2018/19 MTEF. This was effected looking at the previous trend of spending from the accredited municipalities. The reduction in project planned expenditure has also affected the allocation of the operational costs of the accredited municipality.</p> <p>b) The operational costs of this Municipality is reduced and Ethekweni may need to supplement their costs from USDG/other funding. The Department tried to minimize the reduction for the Metro.</p>
89/2018	Military Veterans' Housing Project	<p>The Accounting Officer must provide a report to the Committee by 30 June 2018 explaining:</p> <p>(a) The details of how much was transferred to Ithala</p> <p>(b) How much has been spent by Ithala?</p> <p>(c) Progress report on the status of the project and relevant agreements between Ithala and the Department.</p>	Refer to Annexure A for progress report.
90/2018	Rental Properties within Durban Central	<p>The Accounting Officer must provide a report to the Committee by 30 June 2018 on the following:</p> <p>a) Which rental properties are owned by the Department in Durban Central?</p> <p>b) Who is benefitting from those rental properties?</p> <p>c) What is the rental income being received by the Department from those properties?</p> <p>d) Who is maintaining those properties including payment of rates?</p>	<p>a) Nil. The properties that are being referred to have since been transferred to the Department of Public Works in December 2016 in terms of the Kwa Zulu Natal Land Administration Act of 2014.</p> <p>b) Seaman's Institute and Westpoint Lodge are currently occupied by illegal occupants who were in occupation on acquisition of the buildings.</p> <p>c) Nil.</p> <p>d) The Department of Public Works is responsible for the payment of rates. However the Department of Human Settlements is paying for services and maintenance costs for Westpoint Lodge only until such time that the building is free of occupation.</p>

Res. No.	Subject	Resolutions	Response by the Department
124/2018	Value Added Tax (VAT) increase	<p>The Accounting Officers must provide a report to the Committee by 30 June 2018 on the following:</p> <p>a) How much will the Department lose from its budget because of VAT increase?</p> <p>b) What are the implications of the increase of VAT on service delivery?</p> <p>c) Which programmes are going to be affected by the increase?</p>	<p>a) The Department will sacrifice R4,549 million to accommodate 1% of VAT increase</p> <p>b) An amount of R4,549 million will be taken from the programmes that do not yield sites/units. The budget for 2018/19 financial year for these programmes will be reduced by 1% to cover the VAT increase.</p> <p>c) Refer to Table 2.</p>
125/2018	Budget cuts	<p>The Accounting Officers must provide a report to the Committee by 30 June 2018 on the following:</p> <p>a) How much the Department lost from its budget?</p> <p>b) What are the implications of the budget cuts on service delivery?</p> <p>c) Which programmes are going to be affected by the budget cut?</p> <p>d) Does the Department have a savings plan to avoid the adverse impact this budget cut may have on service delivery?</p>	<p>a) The Equitable Share Budget allocation for KZN Department of Human Settlements has been reduced by R1.904 million in 2018/19 which will be effected during the Adjustment Estimates.</p> <p>b) If the department has to accommodate for these budget cuts, the following has to be affected:</p> <ul style="list-style-type: none"> • Currently the department has started the process of filling critical posts, which were affected by 2016/17 budget cuts. • The filling of these posts will be delayed in order to accumulate savings to accommodate the budget cut of R1.904 million. These posts are General Manager: Human Capital, Deputy Director: HRD, Assistant Director: Budget and Planning, etc. <p>1. The Department had a huge budget cut during 2016/17 MTEF where the budget for all vacant posts within the Equitable Share allocation were cut. There are components within the Department which have capacity constraints as some of the posts were vacant and they were affected by the 2016/17 MTEF budget cut.</p> <p>The Department has provided for some of these posts to be filled from the 2018/19 financial year and these budget cuts will continue hampering service delivery as these posts will not be filled as planned. Therefore all programmes are affected by these budget cuts.</p> <p>2. The Department is continuously implementing the cost-containment measures to ensure the budget cut does not impact on service delivery. Furthermore, the Department will ensure the service delivery targets are met with more efficient and effective financial management practices.</p>

Res. No.	Subject	Resolutions	Response by the Department
126/2018	Internal Risk and Audit	<p>The Accounting Officers must provide a report to the Committee by 30 June 2018 on the following:</p> <p>a) Whether or not the Department will continue having shared Internal Risk and Audit Services?</p> <p>If YES –</p> <p>i. Has the Department signed a Service Level Agreement (SLA) with Treasury explaining the <i>modus operandi</i>?</p> <p>ii. What are the Treasury's expectations from the Department?</p> <p>iii. What are the Department's expectations from the Treasury?</p> <p>b) If NO –</p> <p>i. Has the Department established its own Internal Risk and Audit Unit, with full capacity to drive the programme or unit?</p> <p>ii. The Department's report must show that the Department can afford this Unit and it is sustainable, considering the budget cuts over the MTEF?</p> <p>iii. Has the Department recruited a full and well-qualified staff complement?</p> <p>iv. Is the Manager of the Unit on level 13?</p>	<p>The Department in its migration into the new financial year commencing 2019/20 will not be continuing having a shared Internal Risk and Audit Services provided by Provincial Treasury.</p> <p>i. Has the Department established its own Internal Risk and Audit Unit, with full capacity to drive the programme or unit?</p> <p>The Department is currently reviewing its organisational structure and will be creating an Internal Risk and Audit Unit to support the Departmental going forward. It is envisaged that the unit will be approved via the Department of Public Service and Administration.</p> <p>ii. The Department's report must show that the Department can afford this Unit and it is sustainable, considering the budget cuts over the MTEF?</p> <p>The Department will be reprioritising its budget to fund this additional structure, which will also be funded by collapsing posts from its internal control unit.</p> <p>iii. Has the Department recruited a full and well-qualified staff complement?</p> <p>The Department will be reviewing and assessing its current internal control unit structure to evaluate the staff compliment in ensuring the existing staff meet the qualification criteria to migrate into the new internal audit structure. Any vacancies in the internal audit unit will be advertised to recruit suitably qualified personnel.</p> <p>iv. Is the Manager of the Unit on level 13?</p> <p>The Manager in the unit is currently appointed at level 13, reporting to the Accounting Officer.</p>

Res. No.	Subject	Resolutions	Response by the Department
161/2018	Lack of Consequence Management for Contravention of the PFMA, KwaZulu-Natal Appropriation Bill, Treasury Regulations and DORA	Accounting Officers of the departments that have been found to have contravened the PFMA, KwaZulu-Natal Appropriation Bill, Treasury Regulation and DORA must provide a report to the Committee by 31 October 2018 indicating whether there were any consequences against the officials that contravened these laws and regulations. Where no consequence management took place, Accounting Officers must provide reasons for this.	During this period there were no reported cases that contravened the relevant legislation, thereby no disciplinary action was necessary. The Department of Human Settlements deals with Contravention of the PFMA, KwaZulu-Natal Appropriation Bill, Treasury Regulations and DORA through disciplinary process as set out in Resolution 1 of 2003. In the event of allegations of contravention or omission the Finance unit reports the matter to HRM Labour Relations unit detailing the allegations for a formal investigation, if the investigations yields substance to the allegations then the alleged offender is charged with misconduct and subjected to a formal disciplinary hearing which may, at the worst result in dismissal.
163/2018	Failure by departments to spend specifically and exclusively appropriated funds	a) Accounting Officers of all the departments that underspent their specifically and exclusively appropriated funding in 2017/18 must provide a report to the Committee by 31 October 2018 giving reasons for the under-expenditure. b) Accounting Officers of all the department that underspent their specifically and exclusively appropriated funds must indicate to the Committee what measures have they put in place in order to ensure full expenditure of their specifically and exclusively appropriated allocation in 2018/19.	The Department did not have budget any funds with regards to specifically and exclusively appropriated funds in 2017/18. Furthermore, all grant funding i.e. Human Settlements Development Grant and EPWP Incentive Grants were fully spent at year end (2017/18) and furthermore, the Department will fully utilise the grant funding for the 2018/19 financial year.

Table 1

Budgeted spending 18/19	Actual spending to date	Target title deeds	Actual title registrations
R 101 422 000	R 1 151 000	27 228	1 459
*27 228 is made up of 9 225 pre-1994 & 18 003 post-1994			
*1 459 is made up of 630 pre-1994 & 829 post-1994			

Programme	2018/19 Annual Budget	1% Value Added Tax	2018/19 Annual Budget after 1% VAT
Enhanced Extended Discount Benefit Scheme (EEDBS)	50,964,000	509,640	51,473,640
State Asset Maintenance Programme	7,700,000	77,000	7,777,000
Rectification of RDP Stock Pre 1994	76,584,000	765,840	77,349,840
Operational Capital Budget	61,452,000	614,520	62,066,520
Rectification of RDP Stock Post 1994 - 2002	89,224,603	892,246	90,116,849
Community Residential Units Constructed	169,000,000	1,690,000	170,690,000
Total	454,924,603	4,549,246	459,473,849

ANNEXURE A

REPORT OF THE FINANCE PORTFOLIO COMMITTEE

PROGRESS REPORT ON MILITARY VETERANS HOUSING PROGRAMME IN KWAZULU NATAL

JUNE 2018

1. PURPOSE

The purpose of the report is to provide progress made in the implementation of Military Veterans Housing Programme.

2. PROBLEM STATEMENT

In terms of the Resolution 89/218: Human Settlements: Military Veterans Housing Project, the Portfolio Committee noted that the Department transferred funds to Ithala for the implementation of the Military Veterans project in 2016/2017. The Portfolio Committee therefore resolved that, the Accounting Officer must provide a report to the Committee by 30 June 2018 explaining the following

- a. The details of how much was transferred to Ithala
- b. How much has been spent by Ithala
- c. Progress report on the status of the project and relevant agreements between Ithala and the Department.

3. BACKGROUND TO THE OVERALL MILITARY VETERANS HOUSING PROGRAMME

- 3.1 The Department of Human Settlements in KwaZulu Natal initiated a process for provision of adequate shelter in recognition of plight of the veterans who have been included as one of the "special needs" groups who by definition require special intervention.
- 3.2 In 2012, the National Department appointed professionals to design an appropriate product to better address the needs of this 'special group' incorporating "green technology" (SANS 10400XA). This product incorporated a 50m² house and associated high level of finishes.

- 3.3 In 2013 progress was made in formalizing policy and associated funding and implementation development strategies and other arrangements, attached is the signed Service Level Agreement to support the implementation of the Programme.
- 3.4 It was resolved that the National Military Veterans Database will be forwarded to all provinces for information and updated as and when additional names of military veterans are identified and submitted to the provinces by DoMV.
- 3.5 The transfer of top up funds (R77, 937) by the DoMV to the province of KwaZulu Natal was transferred in December 2014. Upgrading of houses of military veterans who benefited under the previous dispensation before implementation of a 50m² housing unit for military veterans will be dealt with at later stage.
- 3.6 In the first few years, it was recognised that a limited number of houses were built within various Districts across the province. The DoMV requested the provinces to fast track the implementation of this programme in order to support the needs of this vulnerable group.
- 3.7 To this end intensive consultation has taken place between the KZN-MVA, National Department of Human Settlements and the Department of Military Veterans.
- 3.8 In August 2016, a tripartite agreement was entered into between the Department, Point Above Consulting Services and Ithala for transfer of funds.
- 3.9 Following this approval, in September 2016, a total amount of **R100 000** was transferred to Ithala as accounts administrator.
- 3.10 For its accounts administrative services, Ithala is being paid three (3) percent of the annual allocation which is being deducted from the interest accrued from the project funds transferred in September 2016.
- 3.11 To date, an amount of **R10 521 858** has been accrued as interest into the project account.

4. CURRENT PROGRESS

A myriad challenges have been encountered in the recent years which have contributed in slow progress in terms of construction of houses. These challenges are highlighted in this report. Notwithstanding the challenges, the following has been achieved in terms of beneficiary administration, identification of sites and construction of houses.

4.1 SITE IDENTIFICATION

- 4.1.1 The Department has made enormous effort towards determining serviced sites ready for construction of units. The efforts made are indicated below:
- a) 11 serviced sites in uMkumbaan - eThekweni
 - b) 7 serviced sites in Savannah Park - eThekweni
 - c) 4 serviced sites in KwaMakhutha - eThekweni
 - d) 2 sites in Umbumbulu - eThekweni
 - e) 5 sites in Escort, Inkosi Langalibalele
 - f) 19 serviced sites in Glenwood - Msunduzi
 - g) 13 serviced sites in Acaciaville – Alfred Duma Municipality
 - h) 15 serviced sites in Mpofana Municipality
 - i) 20 serviced sites in Ray Nkonyeni
 - j) 20 serviced sites in Copesville
 - k) 153 serviced sites in eThekweni Metro.

- l) Approximately 130 sites donated by Msunduzi Municipality for this programme and sites still need some planning activities and installation of bulks.
- m) Newcastle and Umvoti municipalities are also in process of releasing sites for the military veterans in their areas of Jurisdiction.

4.2 BENEFICIARY ADMINISTRATION

Overall, a total number of 278 beneficiaries have been approved for the entire programme. A large portion of these (approximately 80 percent) reside in eThekweni metro and Msunduzi local municipalities.

4.3 PLANNING APPROVALS AND HOME ENROLMENT

- Approval of building plans is underway in eThekweni Metro and Msunduzi municipality
- Home enrolment being finalised for 20 sites in Copesville within Msunduzi municipality

4.4 CONSTRUCTION PROGRESS

The following has been achieved in terms in construction:

- **3** houses complete in Umbumbulu (2) and Chesterville (1), eThekweni Metro.
- **6** foundations complete in Glenwood, Msunduzi municipality.
- **5** houses at wallplates level in Glenwood
- **9** houses at various stages of construction in uMkumbaan, eThekweni Metro.

5. EXPENDITURE

- 5.1 Against the **R100 000 000** transferred to Ithala, a total amount of **R3 527 643.95** has been spent in planning activities and construction of units.
- 5.2 An amount of **R10 521 858** has been accrued as interest into the project account.
- 5.3 Ithala is in the process of charging their 3 percent administration fees from the accrued interest, which is estimated to be **R315 655.74**.

6. CHALLENGES

A number of challenges have been encountered in the implementation of the programme, and these include amongst other things:

- 6.1 Slow progress in the approval of military veterans by the National Department of Military Veterans (DMV), more particularly in rural areas and other areas other than eThekweni and Msunduzi municipalities.
- 6.2 Delay in the release of sites for the construction of houses in the eThekweni Municipality, and other districts where military veterans are located. The 153 sites were only released in February 2017 after several consultations with the Municipality to avail these. Even then, technical assessments still had to be undertaken to validate usability of these sites.
- 6.3 Invasion of low income houses by military veterans in the eThekweni Municipality in areas of Cornubia, Hammonds Farm, Kingsburgh West and Umlazi, and Msunduzi in Aloe Ridge flats.
- 6.4 Some of the military veterans who invaded houses within projects are not recognised as real military veterans by the structures of military veterans and cannot be provided houses on the military veterans programme.
- 6.5 A large number of Military Veterans had initially indicated that they were unwilling to have their houses built near informal settlements e.g. Copesville in UMsunduzi.

- 6.6 Most Military Veterans not wanting their houses built in formal suburbs due to property rates issues.
- 6.7 Military Veterans without force numbers are not considered by DMV for housing assistance, and as a result are not able to benefit from the programme.
- 6.8 Capacity of the Implementing Agent to effectively undertake pre-construction activities such as geo-tech assessments, home enrolments and building plan approvals.

7. INTERVENTIONS TO ADDRESS CHALLENGES

In recognizing and being sensitive to the slow progress achieved in terms of the implementation of the programme, the Department undertook the following actions:

- 7.1 Made available serviced sites owned by the Department for construction of houses. These have been availed in Umkumbaan (11), Savannah Park (7), Glenwood (19) and Copesville (20).
- 7.2 Ethekewini Metro has to release a total number of 153 sites in areas of Illovu, Umlazi, KwaMashu, Phoenix, and the Implementing Agent is preparing these sites for construction.
- 7.3 The Department has engaged with DMV to fast-track verification of military veterans who have benefitted from normal housing projects and need renovation of their houses.
- 7.4 The department is in the process of procuring services of a project manager to provide technical support to the Implementing Agent in terms of subsidy administration, approval of plans and home enrolment, on-site construction project management and overall project management.

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Response by the Department
23/2018	Investigations (Relating to Resolution 83/2017)	<p>(a) FR26/14: The Department is still awaiting the final report from Provincial Treasury.</p> <p>Provincial Treasury has advised the Department that, due to challenges in the draft final report, they had referred the back to the Service Provider for amendment and re-submission. The revised target date set by Provincial for review of the re-submitted final report is 30 April 2018, thereafter the final report will be issued to the Department.</p> <p>(b) FR42/10: The MEC and HOD are required to submit affidavits for the matter to be considered by the National Prosecuting Authority. The signed affidavits have not yet been submitted to the National Prosecuting Authority.</p> <p>The Department has engaged Provincial Treasury to revise the affidavit for signature by the Head of Department, due to her not being in the employ of the Department during the finalisation of the investigation. The MEC was not required to submit an affidavit in this case, however the Head of Department was seeking consent of the MEC to sign the affidavit, since she was not in the Department's employ when the investigation was finalised.</p> <p>(c) The South African Police Service is still investigating the allegations of sale and rental of RDP houses in the Nquthu Housing Project.</p> <p>The docket bearing case reference number Nquthu CAS 98/01/2017 was closed by the SAPS because some of the houses alleged to have been sold were found to be unoccupied and vandalized or their occupants, the witnesses, could not be ascertained nor interviewed.</p> <p>This docket was registered because of D4 certificates (Happy Letters) found in what was believed to be the community liaison officer's bag where she had altered the beneficiaries' details.</p> <p>However, during the investigation the SAPS "discovered" altered D4 certificates were similar to those produced by the people in occupation of houses, stating that they had bought these houses from different individuals and therefore not identifying the community liaison officer in these sales.</p> <p>The SAPS has identified three cases and witnesses were traced, interviewed, whom gave affidavits that they bought the houses.</p> <p>Three individual enquiry dockets were registered in these instances, as all three names of perpetrators were different in each case. The dockets no's are as follows:</p> <p>Durban Central CCI Enquiry 02/03/2018;</p> <p>Durban Central CCI Enquiry 03/03/2018; and</p> <p>Durban Central CCI Enquiry 04/03/2018.</p> <p>The Department has given statements to the police on these three houses as well. No arrests have yet been made on the matter.</p>
80/2018	Uncertainty relating to the future outcome of exceptional litigation	<p>The Department has engaged the offices of the State Attorney in writing and at the meeting of the 18 January 2019. The acting head of office of the State Attorney and the Director Legal services have adopted a strategy to finalise these matters in accordance with the rules of court. Due to the complexity of the various matters it is envisaged that four matters will be resolved by the end of the financial year 2018/19 and that the remaining five matters will be resolved by the second quarter of 2019/20.</p>

Resolution No.	Subject	Response by the Department
81/2018	Irregular expenditure	<p>Appointment of service provider in respect of the Irregular Expenditure Project for retrieval of SCM Documentation from Municipalities</p> <ul style="list-style-type: none"> • The Department undertook an open tender process for the appointment of a service provider to undertake the following functionalities: <ul style="list-style-type: none"> – Understand the relevant legislation including the PFMA, MFMA and other policies and guidelines relating to SCM and Housing applicable to Municipalities and the Department. – Robustly engage with Local Municipalities in the province of KwaZulu-Natal to obtain outstanding SCM documents for housing projects. Specifically engage with Mayors, Municipal Managers, CFO's and Councils of each Municipality and advise on the options in order to regularise the appointments of Implementing Agents/Service providers and requirements for condonation of irregular expenditure. – The service provider is to obtain a list of projects as compiled by the Department, detailing the projects for which documents are required. In addition, enquire from the Municipality whether there are other housing projects that are still to be implemented and that may not be on the schedule compiled by the Department. The service provider is to obtain details of such projects and also request for all SCM documents regarding such projects. – Enquire from the municipality whether they have or will be reviving blocked or stalled projects. Obtain details of such projects and also request for all SCM documents regarding such projects. – The service provider is to convince the relevant officials at the Municipality of the importance of the task to make available all the requested documents for the housing projects and/or take the necessary steps to acquire the relevant documentation. – Review documents received from the Municipalities for completeness; compare them against the schedule of outstanding information, as prepared by the Department. Follow up with the relevant Municipality regarding outstanding documentation. – Once the team has received all information available, update the schedule of outstanding information and hand over all information received from the Municipality to the Department for review and assess compliance with the relevant SCM legislation. Based on the volume of information available at Municipalities, assess documents at the Municipal offices, if impractical to provide high volumes to the Department. – Assist the Department by liaising with National Treasury regarding condonation of Irregular Expenditure and assist the Department in preparing the documentation to submit to National Treasury for condonation. – Make reference to technical aspects, legislation and guidelines relating to Irregular Expenditure and in conjunction with relevant case law, advise the Department whether it should be categorizing and disclosing Irregular Expenditure as is being done currently, or whether this disclosure should be made in the records of the Municipalities. Considering the aforementioned, provide guidance to the Department on feasible options to regularize or condone Irregular Expenditure. – Assess the SCM processes actually adopted by the relevant Municipalities for appointment of the Implementing Agencies. Where deficiencies in the SCM process have been identified, advise the Municipalities of such and also make recommendations to the Municipalities to address such deficiencies. Provide guidance and assistance to the Municipalities to regularise the appointments of these Implementing Agents.

Resolution No.	Subject	Response by the Department
		<ul style="list-style-type: none"> ➤ A briefing session was held on the 7th September 2018, closing date of the tender was 12th September 2018 whereby 12 service providers responded to this bid. ➤ BEC finalized their shortlisting and scoring of this bid on the 23rd October 2018. ➤ BAC to award on the 6th November 2018. ➤ This tender has been adjudicated and has been put on hold as National Treasury is dealing with the condonation of Irregular Expenditure process. The Department has made representation to fully comply with all documentation pertaining to the Irregular Expenditure declared. ➤ National Treasury visited the Department on the 14th November 2018 after the Department made representation that the condonation process was very urgent. At this meeting, National Treasury was present to establish the volume of supporting documentation available and to make a decision on whether to have them couriered to Pretoria or whether to deploy staff to Pietermaritzburg to work with these documents. ➤ On sight of the documents and through perusal of a sample file, National Treasury resolved the following: <ul style="list-style-type: none"> – That it would be too cumbersome to examine documents per project for the 81 (prior years 92 obtained documentation) projects declared irregular thus far; – That National Treasury will send a letter to Provincial Treasury requesting that they appoint a forensic investigator to investigate each case including site visits in respect of verification of units built for each project and provide a report that will comment on the SCM process followed in each case, whether there is value for money for payments made and whether anyone can be held accountable for the irregular expenditure; – On receipt of the report, National Treasury will take a decision on whether such expenditure can be condoned; and – That for now, the Department focus on the 81 projects already declared irregular, and once the report is received, take a decision on the way forward with all other cases where no/limited documents are available (projects under investigation). • Subsequent to this meeting, the Department received correspondence from National Treasury to Provincial Treasury to advise the Accounting Officer to undertake a forensic investigation into the cases submitted for condonation; <ul style="list-style-type: none"> – Provincial Treasury has assisted with a service provider to facilitate this investigation and the Department is actively involved in this process. – The Department wants to ensure that this condonation process is undertaken by the end of the 2018/19 financial year with the assistance of National Treasury.

Resolution No.	Subject	Response by the Department
		<p>The process has commenced:</p> <ul style="list-style-type: none"> • A sample of 10 project was selected (as a pilot). • The payments made against the project were obtained from the Housing Subsidy System (HSS). • A sample of 2 invoices were selected to submit to National Treasury in respect of the condonation process. • Project management are currently preparing a detailed report for each of the 10 projects selected; • The consultant together with the Departmental risk and project management units and Provincial Treasury's risk unit will be inspecting the 10 projects ensuring that the units that were paid for are on the ground. • In the interim we suggested to project management's staff that they must also continue to prepare the detailed reports for the balance of the 71 projects.
82/2018	Procurement and contract management	<p>The Department of Human Settlement was implementing the Local Content in manner that was prescribed by Provincial Treasury compliance unit, which was found by Auditor General to be not in line with National Treasury and DTI requirements; we referred the matter to Provincial Treasury who had advised the Department to amend quotations about the findings.</p> <p>Thereafter Provincial Treasury as a mandated Department to train Departments on Local Content conducted training on the implementation of Local Content on the 14th September 2018 and the second training session on the 19th September 2018 to equip staff with necessary skills required to implement the Local Content fully.</p> <p>The Department has implemented SCM checklists to mitigate the risk of non-compliance with SCM regulations and prescripts.</p> <p>There was no official within KZN Human Settlements found to be liable for not implementing Local Content and the Head of SCM who was responsible for SCM policy implementation left the employment (31 May 2018) of the Department prior to the finding.</p> <ul style="list-style-type: none"> • The non-compliance arose as a result of more of a misunderstanding as the PPPFA mentions that the revised legislations is applicable for all tenders, and the misunderstanding was that we applied for tenders over R500 000, whereas the revised legislation applied to quotations and well as tenders. • The issue was rectified immediately once it was brought to our attention. • No action was taken against any official as there was no loss to the state.
83/2018	Investigations	<p>CCI CAS 2/10/2018</p> <p>The South African Police Services has reviewed the affidavit submitted in the registration of CCI CAS 2/10/2018 and noted that it contained 3 different allegations of criminal irregularities, and have therefore requested individual statements for each of 3 identified service providers. A request for additional documentation has also been requested. The Department is currently crafting individual affidavits and making available the additional documentation and information requested in this case.</p> <p>NQUTU HOUSING INVESTIGATION</p> <p>There are 3 enquiry dockets registered on the matter under reference:-</p> <p>Durban Central CCI Enquiry 02/03/2018, 03/03/2018 and 04/03/2018. The Hawks have interviewed a suspect who provided evidence of more than 20 people that were assisted. The suspect name another suspect, that allegedly was paid, whom allegedly was working for the implementing agent. The Hawks are still collating affidavits as evidence from these individuals. No one has been charged/arrested at this stage of the investigation.</p>

Resolution No.	Subject	Response by the Department
110/2018	Human Resources Management: Vacancies	<p>Table 1 and Table 2 reflect the list of vacant SMS posts, the number of filled posts and the expected time frame for filling of the posts that is currently following the recruitment process.</p>
111/2018	Irregular expenditure	<p>[1] The reasons for the irregular expenditure:</p> <ul style="list-style-type: none"> • Non-compliance by Municipalities – Municipalities could not provide all SCM documentation; • Local content – did not use revised legislation; • Tax clearance certificates not checked at time of award – land invasions; and • Did not obtain approval from Provincial Treasury in respect of extension of contracts in excess of 20%. <p>[2] Who was responsible for making or permitting the irregular expenditure:</p> <ul style="list-style-type: none"> • Non-compliance by Municipalities – Municipalities could not provide all documentation; • Local content – the Department was not aware of the amended requirements; • Tax clearance certificates not checked at time of award – the Department was not aware of the amended requirements; and • Did not obtain approval from Provincial Treasury in respect of extension of contracts in excess of 20% - the Department is responsible but due to the urgency of the request, no approval was sought. <p>[3] Steps taken against officials responsible for irregular expenditure:</p> <ul style="list-style-type: none"> • No action was taken against any official as there was no loss to the state. <p>[4] Measures put in place to prevent a recurrence:</p> <ul style="list-style-type: none"> • The Department has implemented SCM checklists to mitigate non-compliance with SCM regulations and prescripts. • Training sessions have been conducted by Provincial Treasury to capacitate officials with the requirements of SCM legislation and prescripts and new regulations implemented. <p>[5] An assessment of the effectiveness of the measures put in place:</p> <p>The new measures are very effective as no irregular expenditure has been detected since inception of these control measures.</p>

Resolution No.	Subject	Response by the Department
112/2018	Fruitless and Wasteful expenditure	<p>Payment to GEPF in respect of officials that took early retirement R12,000</p> <p>McClung Mustard Attorneys R15,000</p> <p>During the 2017/18 financial year, the Department incurred Fruitless and Wasteful expenditure as follows:</p> <ul style="list-style-type: none"> • Fruitless and wasteful expenditure incurred during the year under review was R 27,000 whereas the cumulative balance at 31 March 2018 was R 948,000. • Interest incurred on payments to GEPF (R12,000) in respect of 43 officials that undertook the Voluntary Severance Package (VSP). • Upon further investigation and interaction with the GEPF, it was ascertained that the said "interest" was in fact termed "actuarial interest" and is a necessary expense incurred with all retirement cases due to the time lag from the date of application and the date of final payment to the employee. The total amount incurred in respect of the GEPF up to and including 31 March 2018 is R 380,000. This amount of R 380,000 is not interest in the true definition of interest, and will be reclassified as part of the payment for staff exit costs. • The subsidy claim of R15,000 relates to a successful claim by a plaintiff in respect of a low income individual subsidy from a prior year which was subsequently settled via a court order. • In respect of the subsidy claim, an internal investigation has commenced to determine liability and will be finalised by March 2019.
113/2018	Procurement and contract management	<p>The Department of Human Settlement was implementing the Local Content in manner that was prescribed by Provincial Treasury compliance unit, which was found by Auditor General to be not in line with National Treasury and DTI requirements; we referred the matter to Provincial Treasury who had advised the department to amend quotations about the findings.</p> <p>Thereafter Provincial Treasury as a mandated department to train departments on Local Content conducted training on the implementation of Local Content on the 14th September 2018 and the second training on the 19th September 2018 to equip staff with necessary skills required to implement the Local Content fully.</p> <p>The Department has implemented SCM checklists to mitigate non-compliance with SCM regulations and prescripts.</p> <p>There was no official within KZN Human Settlements found to be liable for not implementing Local Content fully and the Head of SCM who was responsible for SCM policy implementation left the employment of the department prior to the finding.</p>
114/2018	Payments not made within 30 days	<p>1) Strategy put in place to ensure that invoices are tracked and that payments are made within the required term of 30 days.</p> <ul style="list-style-type: none"> - The Department has developed and implemented an electronic invoice tracking register. This tool allows monitoring of invoices as and when received by the Department and assist in ensuring that invoices are paid within 30 days. - The main reason why payables were not paid within 30 days of receipt is due to delays by the National Department of Human Settlements (NDHS) in transferring conditional grant tranche for the month of April. NDHS attributes the late transfer to delays by National Treasury in finalising DORA requirements that would allow them to make the transfers to the National Departments. For the past three years, the Department received the tranche for April (which is utilised to process payables) during the fourth week of the month. The Department has addressed this challenge formally with the NDHS to address this with National Treasury. - Project spending is being monitored in line with the development programmes that are aligned to the cash flows of the Department.

Resolution No.	Subject	Response by the Department
		<p>2) Steps taken against officials who are responsible for failure to pay service providers on time</p> <p>As indicated above, the reason for non-compliance with Treasury Regulations 8.2.3 for payables was due to the delay by the NDHS in transferring the April tranche and therefore no official within the Department was liable and no disciplinary action was instituted.</p>
115/2018	Consequence management	<p>[1] Investigations pertaining to transgressions by officials that have been concluded or are in progress.</p> <p>There is one investigation currently in progress</p> <p>[2] Details of the transgressions investigated.</p> <p>An employee within the Department was discovered to be a Director of an entity that did business with the state. His company was paid R8 500 (eight thousand and five hundred rands) in 2018 to purchase a Complaints Registers. The official in question is employed in the business unit that deals with complaints which is currently utilizing the Complaints Register.</p> <p>[3] Time frames for completion of pending investigations.</p> <p>The investigation is in progress and is planned to be finalized by the end of February 2019.</p> <p>[4] Disciplinary steps taken</p> <p>There are no disciplinary steps taken as yet, as the investigation is still in progress.</p> <p>[5] Steps taken to recover monies/losses and progress thereon</p> <p>The outcome of the investigation will determine the appropriate action in this regard.</p> <p>[6] Criminal matters opened and progress thereon</p> <p>The outcome of the investigation will determine the appropriate action in this regard.</p>
117/2018	Supply Chain Management	<ul style="list-style-type: none"> - We have referred one employee (who was found to be conducting business with the state) for investigation and once the investigation is concluded proper sanction will be given to recover any losses incurred if any. - The Central Supplier Database is used to verify the information on the declaration forms and is able to detect directors of service providers who are state employees. - There has been no loss to the state therefore no action has been taken against any official.
118/2018	Investigations	<p>[1] Investigations which are currently underway in the departments and public entities and the deadline set for completion of these investigations.</p> <p>There are currently no investigations underway.</p> <p>[2] Investigations which were completed in the 2016/17 and 2017/2018 financial years.</p> <p>Refer to Annexure A for investigations completed during the 2016/17 and 2017/18 financial years.</p> <p>[3] Steps taken to implement the recommendations contained in the reports on investigations, including the disciplinary and criminal cases initiated and recovery of monies by way of civil proceedings.</p> <p>Disciplinary action were completed in all the cases recommending action. Criminal cases were registered in all recommended cases. There were no cases requiring civil proceeding for recovery of monies.</p>

Table 1					
Number of filled and vacant posts					
Level	Total no of post	Filled	Vacant	Acting	Contract
13	29	16	5	1	5
14	6	2	1	1	2
15	3	2	1	-	-
16	1	-	1	1	-

Table 2		
Vacant SMS Posts		
Post	Status	Anticipated timeframe
Chief Director: Executive Support	Vacant / Unfunded	None
Director: Capacitation and Black	Vacant / Unfunded	Someone acting
Director: Property Management	Vacant / Unfunded	None
Director: Contract	Vacant / Unfunded	Someone acting
Director: Strategic Housing Support	Vacant / Unfunded	Someone acting
Director: Supply Chain	Vacant	Candidate to commence on 1 st February 2019
Director: Appointment of Consultant	Vacant / Unfunded	Vacant / Unfunded
DDG: Office of the Chief Business Officer	Vacant / Unfunded	Vacant / Unfunded
Chief Director: Human Capital	Vacant	Re-advertised as there were no suitable candidates
Director: Service Delivery	Vacant / Unfunded	Vacant / Unfunded
Director: Performance Management and development	Vacant / Unfunded	Vacant / Unfunded

Annexure A

2016/2017 FINANCIAL YEAR

No.	Status	Case Details
1.	Finalised	<p>Vryheid Phase 6B</p> <p>Allegations related to the previous Municipal Administration of the Abaqulusi Municipality in the allocation of houses and invasion of illegal occupants in the Vryheid Ext 16 Housing Project. The Department is currently working with the Municipality to address the findings in the form of re-dress by identifying land to assist the affected beneficiaries linked to this project. There were no findings of wrongdoing by any officials.</p>
2.	Finalised	<p>Housing Scam</p> <p>Investigation carried over from the year 2015/16.</p> <p>The Department received information of further alleged tender scams that were being carried out across KwaZulu-Natal, whereby Service Providers were allegedly being appointed by the "National Department of Housing" to build large numbers of RDP houses. The Department registered a fraud case with the South African Police Services and all further complaints received were forwarded to the police. Arising from the two (2) dockets that were registered with the SAPS (PMB CAS 768/04/2016) and Sydenham CAS 404/11/2016) there are currently eight (8) additional criminal dockets under investigation by the SAPS and the NPA.</p> <p>Each individual complainant/victim is being treated as a stand-alone case/docket, to eliminate an issue of contamination of evidence encountered. All the dockets have been transferred to the Provincial Commercial Crimes Unit in Pietermaritzburg and the Durban Commercial Crimes court.</p> <p>One Durban North docket secured a conviction against the main suspect in June 2018 and the date for sentencing is awaited, pending outcomes of the other cases. The department continues to depose of affidavits as requested by the police on the rest of the matters still under investigation.</p> <p>There were no findings of wrongdoing by any officials.</p>
3.	Finalised	<p>Purchase/ Sale of Departmental Property (Palm Beach Hotel)</p> <p>The Department was alerted about a fraudulent letter and consent to transfer of the abovementioned property. The matter was reported to the South African Police Services where a fraud case was registered and all affidavits required were supplied to the SAPS. This investigation is still in progress by the South African Police Services. The matter is under the investigation of the SAPS/Hawks: Commercial Crimes Unit with reference number Point CAS 54/02/2016</p> <p>No arrests have been made yet.</p> <p>The scope of the investigation has widened to include more than 12 other state owned properties currently from various departments</p> <p>A syndicate has been identified and the police are working on gathering evidence to uncover its modus operandi for the properties that have been reported.</p> <p>There were no findings of wrongdoing by any officials.</p>

No.	Status	Case Details
4.	Finalised	<p>Nqutu Housing Project</p> <p>Alleged sale and rental of RDP houses in the Nquthu phase 2 project / Mpumelelweni village by Municipal employees and housing committee members.</p> <p>The Department has given confirmatory affidavits to the Hawks with respect to all reported cases. Further to this, the Department conducted a door to door verification exercise on all nine hundred and thirty eight (938) houses in the project in order to determine the occupancy thereof and thus the severity of the irregularities. Findings therein have been communicated to the Hawks to include in their investigations.</p> <p>There are 3 enquiry dockets registered on the matter under reference:-</p> <p>Durban Central CCI Enquiry 02/03/2018, 03/03/2018 and 04/03/2018. The Hawks have interviewed a suspect who provided evidence of more than 20 people that were assisted. The suspect name another suspect, that allegedly was paid, whom allegedly was working for the implementing agent. The Hawks are still collating affidavits as evidence from these individuals. No one has been charged/arrested at this stage of the investigation.</p> <p>There were no findings of wrongdoing by any officials.</p>
5.	Finalised	<p>Housing Fraud</p> <p>An employee of the Department assisted a relative, who did not meet the Housing Code requirements, to unduly receive individual housing subsidy. The official was charged with fraud and Internal disciplinary processes were followed after which he was dismissed. A criminal case of corruption and fraud was also registered with the South African Police Services that is currently still under investigation.</p>
6.	Finalised	<p>Mtubatuba Housing Project</p> <p>The Mtubatuba Municipality received a complaint from 88 members of the public. The nature of the complaint by these individuals is that they claim to be approved housing subsidy beneficiaries, and they have noticed that houses or sites allocated to them have been given to illegal occupants without their permission. The investigation was finalized and presented to the Municipality whom are implementing the recommendations, through redress.</p> <p>There were no findings of wrongdoing by any officials.</p>

2017/2018 FINANCIAL YEAR

No.	Status	Case Details
1.	Finalised	<p>FR 26/2009</p> <p>The criminal docket registered with the SAPS was handed to the prosecutor for court and this docket was subsequently closed.</p> <p>2 officials were charged through the internal disciplinary process.</p>
2.	Finalised	<p>FR26/14</p> <p>This investigation was finalised by Provincial Treasury.</p> <ul style="list-style-type: none"> • The investigation was limited to 5 projects where the Service Provider was appointed. <ul style="list-style-type: none"> - Based on the findings and recommendations, evidence was identified in two projects that suggested that KZN DHS official's actions were questionable and malicious. - Since these two officials cited in the report are not in the employ of the Department, it was recommended that no intervention will be required by the Department. - No interventions was required in the other two projects, since in the SCM process was undertaken by the Municipality's. <p>In the last project, the Department has commenced in the creation of a database of service providers, whom will be allocated on a rotational basis to execute emergencies as recommended in the report</p>

No.	Status	Case Details
3..	Finalised	<p>FR 42/10</p> <p>This investigation was finalized by Provincial Treasury.</p> <p>An Affidavit was signed In relation to this investigation and submitted to Provincial Treasury to register a criminal docket with the South African Police Services.</p> <p>The South African Police Services has reviewed the affidavit submitted in the registration of CCI CAS 2/10/2018 and noted that it contained 3 different allegations of criminal irregularities, and have therefore requested individual statements for each of 3 identified service providers. A request for additional documentation has also been requested. The Department is currently crafting individual affidavits and making available the additional documentation and information requested in this case.</p>
4.	Finalised	<p>Illegal Sale of Property</p> <p>An investigation was concluded against an official relating to the KwaZulu-Natal Housing Fund. This investigation was finalized in April 2018, and the employee resigned in May 2018 prior to commencement of disciplinary action. A criminal docket was registered with the South Africa Police Services related to corruption.</p>

9. PRIOR MODIFICATIONS TO AUDIT REPORT

Addressed in SCOPA Resolutions.

10. INTERNAL CONTROL UNIT

Based on the Operational Audit Plan, the Department with shared services KZN Provincial Internal Audit Services Unit (PIAS) has undertaken the following internal audits based on risk assessments by the Department.

In respect of 2018/2019 the following internal audits were conducted by PIAS based on the operational Plan approved by the Head of Department and endorsed by the Cluster Audit and Risk Committee:

No.	Service Description	Period	Status
1	Follow-up audit on audit findings	All 4 Quarters	Finalized
2	Follow-up on IT Audit Findings	1 st Quarter	Finalized
3	Contracts Management	2 nd Quarter	Finalized
4	Network Work Vulnerability	2 nd Quarter	Finalized
5	General Accounting Controls	3 rd Quarter	Finalized
6	Review of Audit Improvement Strategy	3 rd Quarter	Finalized
7	Software Licencing and IT Spending	3 rd Quarter	Finalized
8	Transfer Payments	4 th Quarter	Finalized
9	Supply Chain Management	4 th Quarter	Finalized
10	Performance Audit - Q1	4 th Quarter	Finalized
11	Performance Audit - Q 2	4 th Quarter	Finalized
12	Asset Management	4 th Quarter	Finalized
13	Risk Management Audit	4 th Quarter	In Progress
14	Follow-up on Auditor General's Action Plan	4 th Quarter	Cancelled, included in Audit Improvement Strategy
15	Subsistence and Travel Allowances (S&T), Phase 2	4 th Quarter	Roll-over to new financial year

The Internal Control Sub-Directorate has performed the following audits and follow-ups during the 2018/2019 financial year.

No.	Audit Project Name	Status
1	IT Inventory	Deferred
2	Human Resource Management Follow up	Finalised
3	Govan Mbeki Awards 2018	Finalised
4	Subsistence and Transport	Finalised
5	Establishment Headcount	Finalised
6	Occupational Health & Safety	Finalised
7	Follow up on Internal Audit Log Q1	Finalised
8	Follow up on Internal Audit Log Q2	Finalised
9	Follow up on Internal Audit Log Q3	Finalised
10	Follow up in Internal Audit Log Q4	Finalised
11	Cash Collection	Draft Report
12	Contract Management	In-Progress

The Department has addressed the findings in terms of the above finalized reports and further implemented recommendations to ensure that management controls and systems are in place.

The 2019/2020 Operational Audit and Risk Support Plan is being finalized between the Department and PIAS.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Department uses the shared services of Provincial Treasury's "Provincial Internal Audit Service" (PIAS), to support and undertake the Internal Audit Function, which is regulated 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; B Compt 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

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

The Committee reports that it has complied with its responsibilities arising from the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations 3.1, including all other related prescripts, and is pleased to present its report for the financial year ended 31 March 2019.

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 & 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 Committee has adopted appropriate formal terms of reference contained in its Audit and Risk Committee Charter and has regulated its affairs in compliance with this charter, and reports that it has discharged all of its responsibilities as contained therein.

1. Audit Committee Members and Attendance

The PARC and Social CARC consists of the members listed hereunder who have met as reflected below, in line with the approved terms of reference.

#	Name of Member	PARC Meetings Attended	Social CARC Meetings Attended
1.	Mr P Christianson (Acting Chairman of Social Cluster)	8 of 8	4 of 4
2.	Ms T Njozela	8 of 8	4 of 4
3.	Mr D O'Connor	8 of 8	4 of 4
4.	Ms N Sithole**	8 of 8	3 of 4
5.	Mr S Simelane (Acting Chairman of PARC)	8 of 8	N/A*
6.	Mr V Ramphal	8 of 8	N/A*
7.	Mr M Tarr	8 of 8	N/A*

* refers to PARC members who did not serve on the Social CARC

**Ms N Sithole – was absent for Day 3 of Q1 Social Cluster

2. The Effectiveness of Internal Control

The Committee has reviewed the reports of the Provincial Internal Audit Service (PIAS), 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:

- Performance Information
- Procurement and Contract Management
- Expenditure Management
- Asset Management
- Failure to prevent irregular expenditure

The Committee considered the appropriateness of management's planned interventions to improve the overall control environment and advised management to implement these timeously, to avoid the recurrence of audit findings.

3. Effectiveness of Internal Audit

PIAS activities were reviewed by the Committee during the PARC and CARC monitoring processes. The Committee evaluated internal audit reports detailing the assessment of the adequacy and effectiveness of controls designed to mitigate the risks associated with the operational and strategic activities of the department.

The PIAS planned to perform nineteen (19) audit assignments for the period under review, and finalised fifteen (15) of these. Three (3) audits were rolled over to the 2019/20 financial year and one (1) was cancelled, with the formal approval of the Audit Committee.

The Committee noted with extreme concern that only 79% of the operational audit plan for the year had been completed, due to the financial and human resource limitations imposed upon PIAS. The Committee urged the management of Provincial Treasury and PIAS to urgently address the factors which had negatively impacted the performance of PIAS during the year under review in order to ensure that it continues to fulfil its mandate and add value to the department.

4. Risk Management

The responsibilities of the Committee with respect to risk management are formally defined in its Charter. For the period under review, the Committee's responsibilities have been focused, amongst other things, on the quarterly review of the Department's risk register and monitoring progress against the Risk Management Operational Plan.

As at the end of the 18/19 financial year, the Department's risk register status was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	6	17	25	22	4	74
Number of Identified Action Plans	14	50	46	32	4	146
Number of Completed Action Plans.	5	20	39	31	4	99
% Completion of Action Plans	36	40	85	97	100	68

The Committee is concerned about the slow progress in the implementation of remedial action in respect of risks classified under critical and major as these risks need to be addressed within a six months period. The Department is, therefore, urged to attend to the implementation of the outstanding risk mitigation plans and to regard the risk register as a dynamic document which should be reviewed and updated on a quarterly basis.

With regard to other risk management initiatives, the Department is commended for recording positive progress on compliance with prescribed risk management standards; on-line risk management training prescribed for Departmental risk committee members; and implementation of recommended improvement plans for risk management maturity, fraud prevention management, business continuity management, and occupational health and safety management. The Department is, however, urged to pay particular attention to capacitation of its risk management function through the speedy filling of vacant positions and to ensure linkage of its risk registers to performance indicators to enable the Department to timeously identify and resolve risk factors that might prevent the achievement of set performance targets.

5. 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, prepared and issued by the Accounting Officer of the Department during the year under review, in terms of the PFMA and the Division of Revenue Act.

Based on the reports of the PIAS and the Auditor General, the Committee notes with concern the deficiencies identified in the source information or method of calculation for achieving planned indicators for Programme 3 – Housing Development in the Annual Performance Plan which resulted in material misstatements in the annual performance report submitted for auditing. The management of the department has been urged to communicate with the National Department to address the issue of validation by the National Department not being aligned with the technical description for sector indicators in order to address the identified shortcomings with immediate effect.

6. Forensic Investigations

During the period under review, the Committee noted that there were five (5) forensic investigations from 1 April 2018 to 31 March 2019, all relating to alleged bribery and corruption, supply chain management and procurement irregularities and mismanagement of funds, which the department has referred to the PIAS for investigation.

All five (5) investigations relating to Phase 1 were completed.

From the five (5) matters completed two (2) were closed, and three (3) had disciplinary actions recommended and all were dealt with.

The Committee further noted that for two (2) matters criminal investigation by the South African Police Service (SAPS) were recommended. On one (1) matter the prosecutor declined to prosecute and the remaining matter, a criminal case is still to be registered.

The department and the PIAS are urged to promptly finalize the outstanding investigations, and work together to implement recommendations made in the finalised investigations.

7. Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the Annual Financial Statements with the Accounting Officer, Auditor General and PIAS;
- Reviewed the Auditor General's Audit Report;
- Reviewed the Department's processes for compliance with legal and regulatory provisions, where concerns have been noted around accuracy of performance information reported, poor procurement and contract management and failure to prevent irregular expenditure as a result of non-compliance to supply chain management prescripts in the previous financial years.
- Reviewed the qualified conclusion on the usefulness and reliability of performance information resulting from the audit of the Department

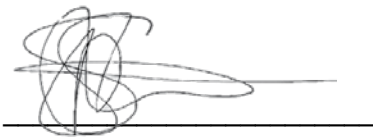
8. Auditor-General's Report

The Committee has monitored the implementation of corrective action plans to address the audit issues raised by the Auditor General in the prior year. 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 concurs and accepts the conclusion of the Auditor General's unqualified opinion on the Annual Financial Statements, and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor General. The Committee commends the Department on obtaining an unqualified audit opinion.

9. 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 SP Simelane

Acting Chairman: Provincial Audit and Risk Committee

05 August 2019

NOTES:

A series of horizontal dotted lines for taking notes.



PART D:

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

The core mandate of the Department as per Outcome 8 of the Government's Programme of Action is to provide sustainable human settlements and improved quality of household life. Human Resources form an integral part in the realisation of this mandate.

Currently the Department is still utilising the organisational structure that was approved in 2008. The restructuring process to update and align the organisational structure to the National Mandates and Provincial Priorities is underway. It is anticipated that, once completed, the updated structure will support and enable the core business to achieve the strategic objectives of the Department. It's worth noting that the budget cuts and stringent cost cutting measures on Equitable Share have resulted in delays in filling the critical posts due to re-alignments and re-prioritisation that had to be undertaken.

The recruitment of suitably qualified and skilled employees who will enable the Department to achieve its mandate remains a priority. The use of OPSCAP funding to employ employees with relevant technical skills has greatly improved service delivery and also mitigated the gap of scarce skills as identified by the Department. In addition, the continued decentralisation of functions to district municipalities has also facilitated service delivery.

Through the use of Employee Performance Management System as a tool to monitor individual contribution towards that achievement of the set objectives, the Department is able to gauge the pace with which it moves and is able to identify the areas that need to be given attention.

The Department has achieved 52% women in management which is 2% above the set target of 50%. As far as the employment of people with disabilities is concerned, the Department currently employs 1.66% while the national target is sitting at 2%. Using the results of the Organisational Readiness Assessment which seeks to gauge the impact of HR unit in the Department's achievement of strategic objectives and also using the MPAT results, the HR plan is being reviewed in order to ensure the HR functions are up to date and properly aligned.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019

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	227,193	135,347	-	-	59.6	477
Housing Needs, Research & Planning	17,328	13,901	-	-	80.2	579
Housing Development	3,305,378	171,451	-	-	5.2	564
Housing Asset Management, Property Management	184,730	38,972	-	-	21.1	354
Total	3,734,629	359,671	-	-	9.6	498

Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

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)	-	-	-	-
Skilled (Levels 3-5)	26 058	7.2	112	233
Highly skilled production (Levels 6-8)	94 788	26.3	229	414
Highly skilled supervision (Levels 9-12)	108 407	30.1	148	732
Senior and Top management (Levels 13-16)	26 212	7.3	19	1 380
Contract (Level 1 – 2)	-	-	-	-
Contract (Level 3 – 5)	6 377	6.4	18	354
Contract (Level 6 – 8)	22 942	16.0	67	342
Contract (Level 9 – 12)	57 635	3.0	91	633
Contract (Level 13 – 16)	10 706	0.3	12	892
Contract (Other)	1 141	1.5	18	63
Periodical Remuneration	5 405	1.8	8	676
Total	359,671	100.0	722	498

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 and 31 March 2019

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	108 857	80.40	643	0.50	4 061	3	6 135	4.50
Housing Needs, Research & Planning	31 167	81.60	32	0.10	31 167	81.60	32	0.10
Housing Development	152 511	85.60	131	0.10	2 660	1.50	3 834	2.20
Housing Asset Management, Property Management	31 167	81.60	32	0.10	1 453	3.80	2 095	5.50
Total	304 547	83	806	0.20	8 509	2.30	12 610	3.40

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019

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)	8	88.90	0	0	0	0	0	0
Skilled (Level 3-5)	19 287	73.70	22	0.10	1 860	7.10	2 071	7.90
Highly skilled production (Levels 6-8)	75 036	78.90	550	0.60	3 264	3.40	5 922	6.20
Highly skilled supervision (Levels 9-12)	89 149	79	116	0.10	2 255	2	3 955	3.50
Senior management (Level 13-16)	22 469	80.10	0	0	607	2.20	456	1.60
Contract (Level 3 – 5)	2 580	99.70	3	0.10	0	0	0	0
Contract (Level 6 – 8)	22 753	98.40	73	0.30	0	0	0	0
Contract (Level 9 – 12)	56 827	92.60	40	0.10	373	0.60	177	0.30
Contract (Level 13 – 16)	9 948	89.80	0	0	150	1.40	29	0.30
Contract (Other)	1 086	95	2	0.20	0	0	0	0
Periodical Remuneration	5 405	99.70	0	0	0	0	0	0
Total	304 547	83	806	0.20	8 509	2.30	12 610	3.40

3.2. Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as at 31 March 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administration	329	284	13.7	28
Housing Needs, Research & Planning	26	24	12.0	2
Housing Development	338	304	10.1	97
Housing Asset Management, Property Management	125	110	7.7	-
Total	818	722	11.7	127

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2019

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
01 Lower Skilled (Levels 1-2), Permanent	3	1	66.70	0
02 Skilled (Levels 3-5), Permanent	135	112	17	0
03 Highly Skilled Production (Levels 6-8), Permanent	253	229	9.50	0
04 Highly Skilled Supervision (Levels 9-12), Permanent	182	148	18.70	0
05 Senior Management (Levels >= 13), Permanent	32	19	40.60	0
09 Other, Permanent	25	25	0	21
11 Contract (Levels 3-5), Permanent	18	18	0	14
12 Contract (Levels 6-8), Permanent	67	67	0	28
13 Contract (Levels 9-12), Permanent	91	91	0	59
14 Contract (Levels >= 13), Permanent	12	12	0	5
01 Lower Skilled (Levels 1-2), Permanent	818	722	11.70	127
Total	3	1	66.70	0

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2019

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administrative Related, Permanent	221	191	13.60	51
Agriculture Related, Permanent	3	2	33.30	0
All Artisans In The Building Metal Machinery Etc., Permanent	21	20	4.80	0
Architects Town And Traffic Planners, Permanent	15	14	6.70	11
Artisan Project And Related Superintendents, Permanent	1	1	0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Auxiliary And Related Workers, Permanent	3	3	0	0
Bus And Heavy Vehicle Drivers, Permanent	1	1	0	0
Cartographic Surveying And Related Technicians, Permanent	1	1	0	0
Civil Engineering Technicians, Permanent	8	8	0	6
Cleaners In Offices Workshops Hospitals Etc., Permanent	26	24	7.70	2
Client Inform Clerks(Switchb Recept Inform Clerks), Permanent	4	2	50	0
Communication And Information Related, Permanent	4	4	0	0
Community Development Workers, Permanent	11	10	9.10	8
Computer System Designers And Analysts	1	1	0	0
Engineering Sciences Related, Permanent	4	4	0	2
Engineers And Related Professionals, Permanent	28	19	32.10	11
Finance And Economics Related, Permanent	8	7	12.50	0
Financial And Related Professionals, Permanent	2	2	0	0
Financial Clerks And Credit Controllers, Permanent	64	55	14.10	3
General Legal Administration & Rel. Professionals, Permanent	1	1	0	0
Legal Related, Permanent	9	1	50	0
Library Mail And Related Clerks, Permanent	14	14	12.50	0
Light Vehicle Drivers, Permanent	9	15	16.70	2
Logistical Support Personnel, Permanent	3	20	13	0
Material-Recording And Transport Clerks	7	5	16.70	0
Messengers Porters And Deliverers, Permanent	6	55	3.50	20
Other Administrat & Related Clerks And Organisers, Permanent	55	1	0	0
Other Administrative Policy And Related Officers	81	6	33.30	2
Other Information Technology Personnel	2	12	14.30	0
Quantity Surveyors & Rela Prof Not Class Elsewhere, Permanent	4	9	0	0
Risk Management And Security Services, Permanent	3	2	33.30	0
Saps, Permanent	3	3	0	0
Secretaries & Other Keyboard Operating Clerks	24	23	4.20	0
Senior Managers, Permanent	31	21	32.30	4
Trade Labourers, Permanent	17	16	5.90	0
SAPS, Permanent	3	3	0	0
Secretaries & Other Keyboard Operating Clerks	24	23	4.20	0
Total	818	722	11.70	127

3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as at 31 March 2018

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	-	-
Salary Level 16	-	-	-	-	-
Salary Level 15	3	2	66.7	1	33.3
Salary Level 14	6	5	83.3	1	16.7
Salary Level 13	29	22	75.9	7	24.1
Total	39	30	76.9	9	23.1

Table 3.3.2 SMS post information as at 31 March 2019

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

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 and 31 March 2019

SMS Level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department			
Salary Level 16	-	-	-
Salary Level 15	-	-	-
Salary Level 14	-	-	-
Salary Level 13	3	2	1
Total	3	2	1

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 2018 and 31 March 2019

Reasons for vacancies not advertised within six months
Budget constraints.

Reasons for vacancies not filled within twelve months
Budget constraints.

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 2018 and 31 March 2019

Reasons for vacancies not advertised within six months
None. Due to budget constraints, vacancies were not advertised.

Reasons for vacancies not filled within six months
None. Due to budget constraints, vacancies were not advertised.

3.4. Job Evaluation

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2018 and 31 March 2019

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)	3	3	100	0	0	0	0
Skilled (Levels 3-5)	135	120	88.90	9	100	0	0
Highly Skilled Production (Levels 6-8)	253	224	88.50	63	100	0	0
Highly Skilled Supervision (Levels 9-12)	182	149	81.90	37	100	0	0
Senior Management Service Band A	23	18	78.30	0	0	0	0
Senior Management Service Band B	5	2	40	0	0	0	0
Senior Management Service Band C	3	2	66.70	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
09 Other	25	0	0	0	0	0	0
11 Contract (Levels 3-5)	18	4	22.20	0	0	0	0
12 Contract (Levels 6-8)	67	21	31.30	0	0	0	0
13 Contract (Levels 9-12)	91	27	29.70	0	0	0	0
14 Contract Band A	8	2	25	0	0	0	0
15 Contract Band B	4	1	25	0	0	0	0
Total	818	573	70	109	100	0	0

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
Total	-	-	-	-	-
Employees with a disability					-

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 and 31 March 2019

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
-	-	-	-	-
Total number of employees whose salaries exceeded the level determined by job evaluation				
Percentage of total employed				

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
Total	-	-	-	-	-
Employees with a disability					-
Total number of Employees whose salaries exceeded the grades determine by job evaluation					-

3.5. Employment Changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Number of employees at beginning of period 1 April 2018	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels3-5)	228	8	9	3.90
Highly skilled production (Levels 6-8)	157	2	14	8.90
Highly skilled supervision (Levels 9-12)	18	0	4	22.20
Senior Management Service Bands A	2	0	0	0
Senior Management Service Bands B	2	0	0	0
Senior Management Service Bands C	228	8	9	3.90
Other	0	0	0	0
Contract (Level 1 – 2)	0	0	0	0
Contract (Level 3 – 5)	14	17	9	64.30
Contract (Level 6 – 8)	72	10	16	22.20
Contract (Level 9 – 12)	85	8	5	5.90
Contract (Band A)	4	3	0	0
Contract (Band B)	3	1	0	0
Contract (Band D)	1	0	1	100
Total	694	90	65	9.40

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019

Critical occupation	Number of employees at beginning of Period - 1 April 2018	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related Permanent	155	50	15	9.70
Agriculture Related Permanent	2	0	0	0
All Artisans In The Building Metal Machinery Etc.	20	0	0	0
Architects Town And Traffic Planners Permanent	11	1	1	9.10
Artisan Project And Related Superintendents Permanent	1	0	0	0
Auxiliary And Related Workers Permanent	3	0	0	0
Bus And Heavy Vehicle Drivers Permanent	1	0	0	0
Cartographic Surveying And Related Technician	1	0	0	0
Civil Engineering Technicians Permanent	14	1	4	28.60
Cleaners In Offices Workshops Hospitals Etc. Permanent	24	1	1	4.20
Client Inform Clerks(Switchb Recept Inform Clerks)	3	1	1	33.30
Communication And Information Related Permanent	4	0	0	0
Community Development Workers Permanent	10	0	0	0
Computer System Designers And Analysts. Permanent	1	0	0	0
Engineering Sciences Related Permanent	4	0	0	0
Engineers And Related Professionals Permanent	18	0	1	5.60
Finance And Economics Related Permanent	7	0	0	0
Financial And Related Professionals Permanent	1	0	0	0
Financial Clerks And Credit Controllers Permanent	55	8	7	12.70
General Legal Administration & Rel. Professionals	1	1	1	100
Head Of Department/Chief Executive Officer Permanent	2	0	1	50
Human Resources & Organisat Developm & Relate Prof	14	1	1	7.10
Human Resources Clerks Permanent	21	3	8	38.10
Human Resources Related Permanent	16	4	1	6.30
Information Technology Related Permanent	2	1	0	0
Inspectors Of Apprentices Works And Vehicles Permanent	61	7	9	14.80
Language Practitioners Interpreters & Other Commun	1	0	0	0
Legal Related Permanent	7	0	0	0
Library Mail And Related Clerks Permanent	13	1	0	0
Light Vehicle Drivers Permanent	9	0	0	0
Logistical Support Personnel Permanent	2	0	0	0
Material-Recording And Transport Clerks Permanent	7	0	1	14.30
Messengers Porters And Deliverers Permanent	5	0	1	20
Other Administrat & Related Clerks And Organisers	55	1	4	7.30
Other Administrative Policy And Related Officers	75	2	2	2.70
Other Information Technology Personnel. Permanent	3	0	0	0
Quantity Surveyors & Rela Prof Not Class Elsewhere	3	0	0	0
Risk Management And Security Services Permanent	3	0	0	0
Secretaries & Other Keyboard Operating Clerks Permanent	24	1	3	12.50
Senior Managers Permanent	19	3	3	15.80
Trade Labourers Permanent	16	0	0	0
TOTAL	694	90	65	9.40

Table 3.5.3 Reasons why staff left the department for the period 1 April 2018 and 31 March 2019

Termination Type	Number	% of Total Resignations
Death	1	2.2
Resignation	22	47.8
Expiry of contract	23	50.0
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	-	-
Transfer to other Public Service Departments	-	-
Other	-	-
Total	46	100.0
Total number of employees who left as a % of total employment		6.4

Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 and 31 March 2019

Occupation	Employees 1 April 2018	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	155	7	4.50	94	60.60
Agriculture Related	2	0	0	0	0
All Artisans In The Building Metal Machinery Etc.	20	0	0	13	65
Architects Town And Traffic Planners	11	0	0	4	36.40
Artisan Project And Related Superintendents	1	0	0	0	0
Auxiliary And Related Workers	3	0	0	3	100
Bus And Heavy Vehicle Drivers	1	0	0	1	100
Cartographic Surveying And Related Technicians	1	0	0	1	100
Civil Engineering Technicians	14	0	0	3	21.40
Cleaners In Offices Workshops Hospitals Etc.	24	0	0	4	16.70
Client Inform Clerks(Switchb Receipt Inform Clerks)	3	0	0	2	66.70
Communication And Information Related	4	0	0	5	125
Community Development Workers	10	0	0	5	50
Computer System Designers And Analysts.	1	0	0	1	100
Engineering Sciences Related	4	0	0	2	50
Engineers And Related Professionals	18	1	5.60	5	27.80
Finance And Economics Related	7	0	0	7	100
Financial And Related Professionals	1	0	0	1	100
Financial Clerks And Credit Controllers	55	2	3.60	37	67.30
General Legal Administration & Rel. Professionals	1	0	0	0	0

Occupation	Employees 1 April 2018	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
Head Of Department/Chief Executive Officer	2	0	0	0	0
Human Resources & Organisat Developm & Relate Prof	14	0	0	13	92.90
Human Resources Clerks	21	0	0	10	47.60
Human Resources Related	16	0	0	14	87.50
Information Technology Related	2	0	0	1	50
Inspectors Of Apprentices Works And Vehicles	61	0	0	32	52.50
Language Practitioners Interpreters & Other Commun	1	0	0	1	100
Legal Related	7	0	0	4	57.10
Library Mail And Related Clerks	13	1	7.70	14	107.70
Light Vehicle Drivers	9	0	0	7	77.80
Logistical Support Personnel	2	0	0	2	100
Material-Recording And Transport Clerks	7	1	14.30	6	85.70
Messengers Porters And Deliverers	5	0	0	4	80
Other Administrat & Related Clerks And Organisers	55	1	1.80	40	72.70
Other Administrative Policy And Related Officers	75	4	5.30	62	82.70
Other Information Technology Personnel.	3	0	0	1	33.30
Quantity Surveyors & Rela Prof Not Class Elsewhere	3	0	0	3	100
Risk Management And Security Services	3	0	0	3	100
Secretaries & Other Keyboard Operating Clerks	24	2	8.30	20	83.30
Senior Managers	19	0	0	14	73.70
Trade Labourers	16	0	0	0	0
Administrative Related	155	7	4.50	94	60.60
Total	694	20	2.90	439	63.30

Table 3.5.5 Promotions by salary band for the period 1 April 2018 and 31 March 2019

Salary Band	Employees 1 April 2018	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)	108	1	0.90	59	54.60
Skilled (Levels 3-5)	228	8	3.50	179	78.50
Highly Skilled Production (Levels 6-8)	157	6	3.80	112	71.30
Highly Skilled Supervision (Levels 9-12)	22	2	9.10	16	72.70
Senior Management (Levels >= 13)	14	0	0	2	14.30
Contract (Levels 3-5)	108	1	0.90	59	54.60
Contract (Levels 6-8)	14	0	0	2	14.30
Contract (Levels 9-12)	72	1	1.40	17	23.60
Contract (Levels >= 13)	85	2	2.40	47	55.30
Total	694	20	2.90	439	63.30

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 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	10	0	2	0	7	2	1		22
Professionals	45	3	6	1	50	1	10		116
Technicians and associate professionals	102	2	23	4	128	6	13	6	284
Clerks	43	2	12	2	87	3	8	7	164
Service and sales workers	3	0	1	0	2	0	0	0	6
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	56	2	3	2	13	0	0	0	76
Plant and machine operators and assemblers	7	0	0	0	3	0	0	0	10
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	300	12	48	2	13	0	0	0	76
Employees with disabilities	8	1	2	0	0	0	0	1	12

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	1	0	2
Senior Management	7	0	1	0	4	1	4	0	17
Professionally qualified and experienced specialists and mid-management	57	2	18	6	53	1	10	1	148
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	69	3	19	3	106	7	11	11	229
Semi-skilled and discretionary decision making	58	6	1	0	47	0	0	0	112
Unskilled and defined decision making	1	0	0	0	0	0	0	0	1
Contract top Management	0	0	0	0	0	0	0	0	0
Contract Senior Management	4	0	2	0	5	1	0	0	12
Contract Professionally Qualified	57	1	5	0	23	1	4	0	91
Contract Skilled technical	25	0	2	0	37	1	1	0	67
Contract Semi-Skilled	10	0	0	0	7	0	1	0	18
Contract Unskilled	0	0	0	0	0	0	0	0	0
Total	300	12	48	9	296	12	32	13	722

Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	-	-	1	-	2
Senior Management	7	-	1	-	4	1	4	-	17
Professionally qualified and experienced specialists and mid-management	56	2	18	5	51	1	10	1	144
Skilled technical and academically qualified workers, junior management, supervisors, foremen	69	3	19	4	106	7	11	11	230
Semi-skilled and discretionary decision making	59	6	1	-	49	-	-	-	115
Not Available	10	-	-	-	13	-	1	-	24
Contract (Senior Management)	4	-	2	-	5	1	-	-	12
Contract (Professionally qualified)	57	1	5	-	23	1	4	-	91
Contract (Skilled technical)	26	-	2	-	35	1	1	1	66
Contract (Semi-skilled)	8	-	-	-	7	-	1	-	16
Total	297	12	48	9	293	12	33	13	717
Employees with disabilities									

Table 3.6.4 Promotions for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	1	0	
Senior Management	7	0	1	0	4	2	2	0	
Professionally qualified and experienced specialists and mid-management	47	0	13	4	44	1	8	1	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	54	2	10	1	30	0	0	8	
Semi-skilled and discretionary decision making	26	4	0	0	0	0	0	0	
Contract Top Management									
Contract Senior Management	0	0	1	0	3	0	0	0	
Contract Professionally Qualified	32	1	2	0	12	0	2	0	
Contract Skilled technical	5	0	0	0	13	0	0	0	
Contract Semi Skilled	2	0	0	0	0	0	0	0	
Total									
Employees with disabilities									

Table 3.6.5 Terminations for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	2	0	0	1	1	0	0	0	4
Professionally qualified and experienced specialists and mid-management, Permanent	3	2	4	1	3	0	0	1	14
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	2	0	0	1	4	2	0	0	9
Semi-skilled and discretionary decision making, Permanent	0	1	1	0	2	0	0	0	4
Not Available, Permanent	2	0	0	0	1	0	0	0	3
Contract (Top Management), Permanent	0	0	0	0	0	1	0	0	1
Contract (Professionally qualified), Permanent	3	0	0	0	2	0	0	0	5
Contract (Skilled technical), Permanent	3	0	1	0	11	1	0	0	16
Contract (Semi-skilled), Permanent	3	0	0	0	6	0	0	0	9
Total	18	3	6	3	30	4	0	1	65
Employees with Disabilities	1	0	0	0	0	0	0	0	1

Table 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	01	0	0	0	01	0	0	0	02
No Outcome									
Total	01	0	0	0	01	0	0	0	02

Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7. Signing of Performance Agreements by SMS Members

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

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department				
Salary Level 16	1	-	0	
Salary Level 15	3	2	67	1
Salary Level 14	6	4	67	2
Salary Level 13	29	22	76	7
Total	39	28		10

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

Reasons
New Appointees.
Finalising Job description.

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

Reasons
Warning letters issued.

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 2017 to 31 March 2018

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	78	292	26.70	1 083.61	13 892
Female	62	296	20.90	1 032.01	16 645
Asian					
Male	18	46	39.10	389.21	21 623
Female	13	32	40.60	232.91	17 916
Coloured					
Male	7	11	63.60	126.62	18 089
Female	6	12	50	140.96	23 494
White					
Male	3	9	33.30	56.67	18 889
Female	5	12	41.70	79.99	15 998
People with disabilities	5	12	41.70	93.47	18 693
Total	197	722	27.30	3 235.45	16 424

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

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)	0	1	0	0	0	
Skilled (level 3-5)	54	112	48.20	375.22	6 948	
Highly skilled production (level 6-8)	78	229	34.10	1 101.06	14 116	
Highly skilled supervision (level 9-12)	53	146	36.30	1 301.97	24 565	
Other	0	25	0	0	0	
Contract (Level 3 – 5)	0	18	0	0	0	
Contract (Level 6 – 8)	0	67	0	0	0	
Contract (Level 9 – 12)	5	91	5.50	115.64	23 127	
Total	190	689	27.60	2 893.88	15 231	

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

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	39	189	20.60	828.79	21 251
Agriculture related, Permanent	0	0	0	0	0
All artisans in the building metal machinery etc., Permanent	10	20	50	122.78	12 278
Architects town and traffic planners, Permanent	1	14	7.10	19.90	19 899
Artisan project and related superintendents, Permanent	1	1	100	14.42	14 422
Auxiliary and related workers, Permanent	3	3	100	22.99	7 664
Bus and heavy vehicle drivers, Permanent	1	1	100	9.89	9 887
Cartographic surveying and related technicians, Permanent	0	1	0	0	0
Civil engineering technicians, Permanent	0	8	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	16	24	66.70	101.39	6 337
Client inform clerks (switchboard, reception, inform clerks), Permanent	1	2	50	7.20	7 201
Communication and information related, Permanent	0	4	0	0	0
Community development workers, Permanent	0	0	0	0	0
Computer system designers and analysts., Permanent	0	1	0	0	0
Engineering sciences related, Permanent	0	0	0	0	0
Engineers and related professionals, Permanent	2	19	10.50	66.60	33 299
Finance and economics related, Permanent	5	7	71.40	144.93	28 986

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial and related professionals, Permanent	0	2	0	0	0
Financial clerks and credit controllers, Permanent	20	55	36.40	268.60	13 430
Food services aids and waiters, Permanent	-	-	-	-	-
General legal administration & rel. professionals, Permanent	0	1	0	0	0
Head of department/chief executive officer, Permanent	0	1	0	0	0
Human resources & organisational development & relate prof, Permanent	3	14	21.40	78.76	26 254
Human resources clerks, Permanent	4	15	26.70	36.07	9 017
Human resources related, Permanent	7	20	35	141.49	20 212
Information technology related, Permanent	1	5	20	14.85	14 851
Inspectors of apprentices works and vehicles, Permanent	5	55	9.10	108.51	21 702
Language practitioners, interpreters & other commun, Permanent	0	1	0	0	0
Legal related, Permanent	1	6	16.70	21.36	21 361
Library mail and related clerks, Permanent	4	12	33.30	43.39	10 848
Light vehicle drivers, Permanent	1	9	11.10	6.68	6 685
Logistical support personnel, Permanent	0	2	0	0	0
Material-recording and transport clerks, Permanent	1	7	14.30	7.31	7 309
Messengers porters and deliverers, Permanent	2	4	50	15.29	7 644
Other administration & related clerks and organisers, Permanent	21	50	42	324.36	15 446
Other administrative policy and related officers, Permanent	22	79	27.80	413.60	18 800
Other information technology personnel, Permanent	0	2	0	0	0
Quantity surveyors & related prof not class elsewhere, Permanent	0	4	0	0	0
Risk management and security services, Permanent	0	3	0	0	0
Secretaries & other keyboard operating clerks, Permanent	6	23	26.10	73.86	12 310
Senior managers, Permanent	4	21	19	213.53	53 383
Trade labourers, Permanent	15	16	93.80	95.31	6 354
Total					

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018

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	5	23	21.70	220.13	44 025.80	0.80
Band B	2	6	33.30	121.44	60 719.30	1.60
Band C	0	2	0	0	0	0
Band D	0	0	0	0	0	0
Total	7	31	22.60	341.57	48 795.30	0.90

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 2018 and 31 March 2019

Salary band	1 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (Lev. 6-8)	-	-	-	-	-	-
Highly skilled supervision (Lev. 9-12)	-	-	-	-	-	-
Contract (level 9-12)	-	-	-	-	-	-
Contract (level 13-16)	-	-	-	-	-	-
Total	-	-	-	-	-	-

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 and 31 March 2019

Major occupation	1 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	-	-	-	-	-	-
Total	-	-	-	-	-	-

3.10 Leave utilisation

Table 3.10.1 Sick leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 13-16)	11	45.50	3	0.60	4	41
Contract (Levels 3-5)	20	50	3	0.60	7	15
Contract (Levels 6-8)	196	69.90	28	5.90	7	238
Contract (Levels 9-12)	228	74.10	42	8.80	5	584
Contract Other	33	72.70	6	1.30	6	9
Highly skilled production (Levels 6-8)	1 326	64.90	183	38.50	7	2 017
Highly skilled supervision (Levels 9-12)	797	70	114	24	7	2 121
Senior management (Levels 13-16)	50	68	11	2.30	5	202
Skilled (Levels 3-5)	719	69.10	85	17.90	8	563
Total	3 380	67.90	475	100	7	5 791

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018

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)
Contract (Levels 6-8)	135	100	1	2.60	135	150
Contract (Levels 9-12)	22	100	3	7.70	7	67
Highly skilled production (Levels 6-8)	231	100	19	48.70	12	368
Highly skilled supervision (Levels 9-12)	28	100	7	17.90	4	65
Skilled (Levels 3-5)	48	100	9	23.10	5	33
Total	464	100	39	100	12	682

Table 3.10.3 Annual Leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	132	12	11
Contract (Levels 3-5)	66	7	10
Contract (Levels 6-8)	1 188	16	74
Contract (Levels 9-12)	1 370	16	87
Contract Other	197	7	27
Highly skilled production (Levels 6-8)	5 891	25	238
Highly skilled supervision (Levels 9-12)	3 794	23	164
Senior management (Levels 13-16)	507	23	22
Skilled (Levels 3-5)	2 690	23	115
Total	15 835	21	748

Table 3.10.4 Capped leave for the period 1 January 2018 to 31 December 2018

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 2018
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)	-	-	119	-
Total	-	-	119	-

Table 3.10.5 Leave payouts for the period 1 April 2018 and 31 March 2019

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-outs for 2017/18 due to non-utilisation of leave for the previous cycle	730	36	20
Capped leave pay-outs on termination of service for 2017/18	795	19	42
Current leave pay-outs on termination of service for 2017/18	3 133	17	184
Total	4 658	72	65

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, 2--1? If so, provide her/his name and position.	Yes		Mr W. Ziqubu – Chief Director: Human Capital Management
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		Mrs PZ Mlaba – EWP Practitioner Mr MS 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		HIV/AIDS & TB Management. Health & Productivity Management. Wellness Management & SHERQ.

Question	Yes	No	Details, if yes
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2--1? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		No	
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		No	
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Condom distribution. HIV/AIDS Testing & counselling.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		Through GEMS Report and employees are encouraged to undergo testing during quarterly Health Screening Sessions. EWP monitors those affected and provides support to them.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		No	

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2018 and 31 March 2019

Total number of Collective agreements	2
---------------------------------------	---

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2018 and 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	2	1.8
Verbal warning	3	2.7
Written warning	-	-
Final written warning	1	1.0
Suspended without pay	1	1.0
Fine	-	-
Demotion	-	-
Dismissal	4	3.6
Not guilty	1	1.0
Case withdrawn	89	88.1
Contract not renewed	-	-
Total	101	100.0

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019

Type of misconduct	Number	% of total
Fruitless expenditure	2	25
Insolent behaviour	-	-
Failure to comply with transport prescripts	3	37.5
Misuse of state vehicle	3	37.5
Total	8	100.0

Table 3.12.4 Grievances logged for the period 1 April 2018 and 31 March 2019

Grievances	Number	% of Total
Number of grievances resolved	16	88.9
Number of grievances not resolved	2	11.1
Total number of grievances lodged	18	100.0

Table 3.12.5 Disputes logged with Councils for the period 1 April 2018 and 31 March 2019

Disputes	Number	% of Total
Number of disputes upheld	5	71.4
Number of disputes dismissed	2	28.6
Total number of disputes lodged	7	100.0

Table 3.12.6 Strike actions for the period 1 April 2018 and 31 March 2019

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2018 and 31 March 2019

Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	130
Cost of suspension (R'000)	152

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 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	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	70		<ul style="list-style-type: none"> - Financial Management and Budgeting - Knowledge Management 	150	150
	Male	53		<ul style="list-style-type: none"> - Programme and Project Management (SMS) - Strategic Capability and Leadership - Project Khaedu - Policy Formulation and Implementation SMS - Risk Management - Developing People - Effective Management - Leadership Course for Middle Managers - Management Development Programme - Programme in housing development & Management development - Women in Management - Knowledge Management - Mentoring for Growth-Policy Development - Conflict Management - Advanced Management - Embracing Diversity - Customer Care the Batho Pele Way - Mentoring or growth - Presentation and facilitation skills - Women in Management - Workshop on EPMDS - Records Management - Problem Solving skills and decision making 	110	110
Professional	Female	67		<ul style="list-style-type: none"> - Policy Development - Project Management - Conflict Management 	140	140
	Male	45		<ul style="list-style-type: none"> - Presentation and Facilitation Skills - Embracing Diversity - Developing People - Problem Solving and decisionmaking - Mentoring for growth - Ms Word - Ms PowerPoint - Ms Excel - Financial Management - Workshop on EMPDS - Records Management - Charing Meetings effectively - Standard chards of accounts - Supervisory Skills - Leadership for Middle Managers - Risk Management - Developing People - Effective management for junior managers 	120	120

Occupational category	Gender	Number of employees as at 1 April 2018	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	138		- Supervisory Skills - Fleet Management	180	180
	Male	148		- Presentation and facilitation skills - Public Sector Administrative Skills - Project Management - Ms Word - Ms Excel - Writing Skills - Customer Care: The Batho Pele Way - Chairing Meetings Effectively - PAJA/PAIA - Financial Management - Effective Management for Junior Managers - Basic Accounting System - Policy development - Public Sector Administrative Skills	210	210
Clerks	Female	48		- Ms Excel - Ms Project	120	120
	Male	41		- Ms PowerPoint - Records Management - Project Management - Organisational Design - Customer care; the Batho Pele way - Facilitation and presentation skills - Writing minutes of meetings - Public Sector administrative skills - Ms Word - Effective Management for Junior Managers - PAJA - Financial Management - Supervisory Skills - Problem Solving and decision making - Writing skills - Charing meetings effectively - Women in Management	94	94
Service and sales workers	Female	-			-	-
	Male	-			-	-
Skilled agriculture and fishery workers	Female	28		- Ms Word - Painting and Glazing	65	65
	Male	29		- Welding - Inspectorate Training - Fleet Management - Matric - International communications technology	70	70
Craft and related trades workers	Female	-			-	-
	Male	-			-	-
Plant and machine operators and assemblers	Female	1		- Ms Excel - Ms Word	2	2
	Male	1			2	2

Occupational category	Gender	Number of employees as at 1 April 2018	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Elementary occupations	Female	28		<ul style="list-style-type: none"> - Plumbing - Ms Word 	80	80
	Male	28		<ul style="list-style-type: none"> - Bricklaying - AET level 1 - AET level 2 - AET level 3 - AET Level 4 - Matric - Public Sector Administrative Skills 	75	75
Sub Total	Female	359				
	Male	345				
Total		704			1,418	1,418

Table 3.13.2 Training provided for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	70		<ul style="list-style-type: none"> - I-develop Skills Transfer Workshop 	48	48
	Male	53		<ul style="list-style-type: none"> - Introduction to SAMTRAC - Emotional Intelligence - Women in Management - Quantitative Capacity Building Workshop - Qualitative Capacity Building Workshop - Emotional Intelligence - Theory of Change - Programme for Mentoring and Evaluation Practitioner - African Development Programme - Contract Management - ASHEP - Legislative Drafting 	27	27
Professionals	Female	67		<ul style="list-style-type: none"> - I-Develop Transfer Workshop - Introduction to SAMTRAC 	55	55
	Male	45		<ul style="list-style-type: none"> - Emotional Intelligence - Women in Management Workshop - Problem Solving and Decision Making - Embracing Diversity - Programme in for the Mentoring and Evaluation Practitioner - Online Compulsory Induction Programme - Contract Management - Conflict Management - First Aid Level one - ASHEP - Fire Fighting - Ms Excel 	36	36

Occupational category	Gender	Number of employees as at 1 April 2018	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	138		- Emotional Intelligence	41	41
	Male	148		- Infrastructure Evaluation Report Workshop - Problem Solving and Decision Making - Embracing Diversity Course - Contract Management - Conflict Management - First Aid Level One - Fire Fighting Level One - ASHEP - First Aid Level Two	30	30
Clerks	Female	48		- Ms Word - Ms Excel Level 1	18	18
	Male	41		- Ms Excel Level 2 - Ms Word Level 2 - First Aid Level One - Fire Fighting - HIRA	11	11
Service and sales workers	Female	-				-
	Male	-				-
Skilled agriculture and fishery workers	Female	28		- Electrical - Ms Word Level 1	8	8
	Male	29		- Ms Excel Level 1 - Problem Solving and Decision Making	14	14
Craft and related trades workers	Female	-				-
	Male	-				-
Plant and machine operators and assemblers	Female	1		- Vegetable Production Training - Ms Word	1	1
	Male	1		- Ms Excel	1	1
Elementary occupations	Female	28		- Vegetable Production Training	2	2
	Male	28			3	3
Sub Total	Female	359				
	Male	345				
Total		704			295	295

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 2018 and 31 March 2019

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 2018 and 31 March 2019

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
-	-	-	-

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

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

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2018 and 31 March 2019

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
-	-	-	-

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
-	-	-	-

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

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

3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019

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 audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Human Settlements set out on pages 144 to 216, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Human Settlements as at 31 March 2019, and its financial performance and cash flows for the year then ended 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, 2018 (Act No. 1 of 2018) (Dora).

Basis for opinion

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

Emphasis of matter

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

Irregular expenditure under investigation

7. As disclosed in note 25.3 to the financial statements, the department incurred expenditure of R5,41 billion in the current and prior years which is under investigation in order to determine if it is irregular or not.

Other matter

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

Unaudited supplementary schedules

9. The supplementary information set out on pages 217 to 227 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS and the requirements of the PFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Human Settlement's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

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

15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 3 – Housing development	49 – 59
Programme 4 – Housing asset management, property management	60 – 63

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

Programme 3 – Housing development

Various indicators

19. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows:

Indicator	Reported target	Audited Value
Integrated Residential Development Programme: Number of Houses completed	2307	2051
Informal Settlement Upgrade Programme: Number of Houses completed	1221	995
Emergency Housing Programme (inclusive of Sukuma Sakhe): Number of houses completed	886	623

Indicator	Reported target	Audited Value
Rural Housing (Inclusive of Farm Worker Programme): Number of houses completed	11782	16495
Number of Urban Housing Opportunities created	4244	3996
Number of housing units for subsidy sub-market provided (All housing programmes excluding Rectification and gap income market)	20381	21373
All subsidy instruments: Number of new housing units completed in the Province across all housing programmes (Excluding Rectification)	20626	21618

Percentage of Human Settlements Development Grant (HSDG) construction budget allocated to designated groups

20. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the indicator due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 12% as reported in the annual performance report.

Programme 4 – Housing asset management, property management

21. I did not identify any material findings on the usefulness and reliability of the reported performance information for the Programme 4 – Housing asset management, property management tabulated in paragraph 16 of my report.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report on pages 43 to 63 sets out information on the achievement of planned targets for the year and explanations provided for the under and over-achievement of a significant number of targets. This information should be considered in the context of the material findings expressed on the usefulness and reliability of the reported performance information in paragraphs 19 to 20 of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 3- Housing development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

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

Expenditure management

27. Effective and appropriate steps were not taken to prevent unauthorised expenditure amounting to R1,91 million, as disclosed in note 9.1 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.
28. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R1,14 billion as disclosed in note 25.2 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by inadequate supply chain management documentation of housing contracts concluded in the prior years.

Procurement and contract management

29. Sufficient appropriate audit evidence could not be obtained that some contracts were awarded in accordance with the legislative requirements due to an inadequate records management system.
30. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R500 000 were procured by means of inviting competitive bids, as required by treasury regulations 16A6.1.
31. The bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year.

Consequence management

32. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred unauthorised and irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA.

Other information

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

34. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
35. In connection with my audit, my responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
36. The other information I obtained prior to the date of this auditor's report is the report of the accounting officer. The foreword of the Member of Executive Council (MEC) and the audit committee's report is expected to be made available to me after 31 July 2019.
37. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.
38. When I do receive and read the foreword of the MEC and the audit committee's report, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

39. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the performance report and the findings on compliance with legislation included in this report.
40. Leadership did not exercise effective monitoring of action plans and related internal controls to achieve reliable and credible performance reporting as well as compliance with applicable legislation.

Other reports

41. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

42. The shared internal audit unit for departments in the province performed five investigations that covered the period 2009 to 2019. These investigations were initiated based on allegations of various procurement irregularities. All of these investigations were concluded and a criminal case was requested for one of the five completed investigations.

Auditor-General
Pietermaritzburg

31 July 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the departments’ ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a department to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Appropriation per programme									
Programme	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
1. Administration	234,685	-	(7,492)	227,193	227,193	-	100.0	215,298	217,793
2. Housing Needs, Research and Planning	17,537	-	(209)	17,328	17,328	-	100.0	16,511	16,511
3. Housing Development	3,346,218	-	7,701	3,353,919	3,305,378	48,541	98.6	3,637,484	3,652,475
4. Housing Asset Management, Property Management	186,639	-	-	186,639	184,730	1,909	99.0	197,441	179,955
Total	3,785,079	-	-	3,785,079	3,734,629	50,450	98.7	4,066,734	4,066,734
Add									
Departmental receipts				45,806				61,283	
Actual amounts per statement of financial performance (total revenue)				3,830,885				4,128,017	
Actual amounts per statement of financial performance (total expenditure)					3,734,629				4,066,734

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Appropriation per economic classification									
Economic classification	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	519,752	3,748	(5,634)	517,866	514,818	3,048	99.4	483,437	484,804
Compensation of employees	334,217	3,527	(12,877)	324,867	320,699	4,168	98.7	301,731	298,724
Salaries and wages	297,936	3,527	(12,017)	289,446	285,184	4,262	98.5	268,376	266,503
Social contributions	36,281	-	(860)	35,421	35,515	(94)	100.3	33,355	32,221
Goods and services	185,252	221	7,293	192,766	193,886	(1,120)	100.6	181,691	186,065
Administrative fees	914	-	10	924	933	(9)	101.0	712	533
Advertising	1,350	-	(701)	649	645	4	99.4	1,109	895
Minor assets	642	221	-	863	842	21	97.6	1,523	993
Audit costs: External	7,772	-	(1,272)	6,500	6,500	-	100.0	6,927	6,927
Bursaries: Employees	100	-	-	100	201	(101)	201.0	225	225
Catering: Departmental activities	3,250	-	794	4,044	3,954	90	97.8	5,211	4,553
Communication (G&S)	5,284	-	(469)	4,815	4,786	29	99.4	4,223	4,211
Computer services	12,338	-	1,105	13,443	13,443	-	100.0	10,918	11,806
Consultants: Business and advisory services	12,225	-	(2,438)	9,787	9,882	(95)	101.0	11,329	13,095
Infrastructure and planning services	43,416	-	7,562	50,978	50,979	(1)	100.0	44,749	44,749
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	3,133	-	129	3,262	3,423	(161)	104.9	3,454	3,276
Contractors	11,252	-	(4,875)	6,377	6,376	1	100.0	8,024	8,024
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Appropriation per economic classification									
Economic classification	2018/19						2017/18		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual expenditure R'000
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	5,756	-	990	6,746	6,607	139	97.9	5,630	5,630
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	41	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	2	-
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	1,923	-	355	2,278	2,308	(30)	101.3	2,323	2,237
Consumable: Stationery, printing and office supplies	1,560	-	(62)	1,498	1,476	22	98.5	1,050	1,006
Operating leases	23,977	-	2,144	26,121	27,193	(1,072)	104.1	27,031	28,609
Property payments	28,376	-	2,637	31,013	30,830	183	99.4	27,613	30,384
Transport provided: Departmental activity	227	-	408	635	590	45	92.9	978	563
Travel and subsistence	14,845	-	169	15,014	15,322	(308)	102.1	13,146	13,146
Training and development	-	-	3,562	3,562	3,562	-	100.0	1,358	1,358
Operating payments	4,867	-	(3,940)	927	954	(27)	102.9	1,032	1,014
Venues and facilities	216	-	(215)	1	-	1	-	641	389

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Economic classification		Appropriation per economic classification							2017/18	
		2018/19							Final Appropriation	Actual expenditure
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		
Rental and hiring	-	1,400	3,229	3,080	149	95.4	2,442	2,442		
Interest and rent on land	-	(50)	233	233	-	100.0	15	15		
Interest	-	(50)	233	233	-	100.0	15	15		
Rent on land	-	-	-	-	-	-	-	-		
Transfers and subsidies	3,251,179	202	3,247,854	3,201,974	45,880	98.6	3,551,531	3,548,460		
Provinces and municipalities	128,519	69,997	198,516	193,813	4,703	97.6	266,185	257,039		
Provinces	150	-	150	149	1	99.3	250	105		
Provincial Revenue Funds	-	-	-	-	-	-	-	-		
Provincial agencies and funds	150	-	150	149	1	99.3	250	105		
Municipalities	128,369	69,997	198,366	193,664	4,702	97.6	265,935	256,934		
Municipal bank accounts	128,369	69,997	198,366	193,664	4,702	97.6	265,935	256,934		
Municipal agencies and funds	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	186,639	-	186,639	184,730	1,909	99.0	197,441	179,955		
Social security funds	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	186,639	-	186,639	184,730	1,909	99.0	197,441	179,955		
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	-	-	-	-	-	-	-	-		

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Economic classification		Appropriation per economic classification							2017/18	
		2018/19							Final Appropriation	Actual expenditure
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		
Private enterprises	-	-	-	-	-	-	-	-	-	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	2,936,021	(73,524)	202	2,862,699	202	98.6	3,087,905	3,111,466		
Social benefits	3,360	-	1,132	4,492	1,132	99.1	3,337	3,452		
Other transfers to households	2,932,661	(73,524)	(930)	2,858,207	(930)	98.6	3,084,568	3,108,014		
Payments for capital assets	14,148	(221)	5,432	17,837	5,432	92.1	31,416	33,120		
Buildings and other fixed structures	10,000	-	5,432	15,432	5,432	100.0	26,026	29,913		
Buildings	-	-	-	-	-	-	26,026	29,913		
Other fixed structures	10,000	-	5,432	15,432	5,432	100.0	-	-		
Machinery and equipment	4,148	(221)	-	3,927	-	61.2	5,390	3,207		
Transport equipment	550	-	-	550	-	82.0	1,050	960		
Other machinery and equipment	3,598	(221)	-	3,377	-	57.9	4,340	2,247		
Heritage assets	-	-	-	-	-	-	-	-		
Specialised military assets	-	-	-	-	-	-	-	-		
Biological assets	-	-	-	-	-	-	-	-		
Land and subsoil assets	-	-	-	-	-	-	-	-		
Software and other intangible assets	-	-	-	-	-	-	-	-		
Payments for financial assets	-	-	-	-	-	-	350	350		
Total	3,785,079	-	-	3,785,079	50,450	98.7	4,066,734	4,066,734		

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 1: Administration									
Sub-programme	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Corporate Services	234,685	-	(7,492)	227,193	227,193	-	100.0	215,298	217,793
Total for sub-programme	234,685	-	(7,492)	227,193	227,193	-	100.0	215,298	217,793
Economic classification									
Current payments	230,001	221	(8,055)	222,167	223,117	(950)	100.4	208,621	213,228
Compensation of employees	140,815	-	(5,468)	135,347	135,347	-	100.0	126,843	126,843
Salaries and wages	119,319	-	(5,468)	113,851	113,623	228	99.8	108,610	108,610
Social contributions	21,496	-	-	21,496	21,724	(228)	101.1	18,233	18,233
Goods and services	88,903	221	(2,304)	86,820	87,770	(950)	101.1	81,778	86,385
Administrative fees	247	-	-	247	257	(10)	104.0	450	290
Advertising	238	-	-	238	296	(58)	124.4	415	201
Minor assets	370	221	-	591	591	-	100.0	674	540
Audit costs: External	7,772	-	(1,272)	6,500	6,500	-	100.0	6,927	6,927
Bursaries: Employees	100	-	-	100	201	(101)	201.0	225	225
Catering: Departmental activities	191	-	-	191	102	89	53.4	188	134
Communication (G&S)	4,258	-	(457)	3,801	3,801	-	100.0	3,683	3,683
Computer services	11,990	-	1,166	13,156	13,156	-	100.0	10,588	11,488
Consultants: Business and advisory services	611	-	(491)	120	120	-	100.0	207	207
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 1: Administration										
Sub-programme	2018/19					2017/18				
	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	
Legal services	2,900	-	-	2,900	3,060	(160)	105.5	2,930	2,752	
Contractors	4,118	-	(3,845)	273	273	-	100.0	3,042	3,042	
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-	
Entertainment	-	-	-	-	-	-	-	-	-	
Fleet services	5,193	-	990	6,183	6,183	-	100.0	5,195	5,195	
Housing	-	-	-	-	-	-	-	-	-	
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	3	-	
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and food supplies	-	-	-	-	-	-	-	1	-	
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	533	-	-	533	562	(29)	105.4	1,017	930	
Consumable: Stationery, printing and office supplies	1,442	-	-	1,442	1,420	22	98.5	956	955	

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 1: Administration										
Sub-programme	2018/19					2017/18				
	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	
Operating leases	23,977	-	2,144	26,121	27,193	(1,072)	104.1	26,656	28,424	
Property payments	18,684	-	-	18,684	18,509	175	99.1	13,644	16,415	
Transport provided: Departmental activity	-	-	-	-	-	-	-	4	4	
Travel and subsistence	3,990	-	-	3,990	3,947	43	98.9	3,377	3,377	
Training and development	1,186	-	(200)	986	986	-	100.0	851	851	
Operating payments	951	-	(339)	612	612	-	100.0	745	745	
Venues and facilities	1	-	-	1	-	1	-	-	-	
Rental and hiring	151	-	-	151	1	150	0.7	-	-	
Interest and rent on land	283	-	(283)	-	-	-	-	-	-	
Interest	283	-	(283)	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	1,235	-	563	1,798	1,797	1	99.9	1,789	1,643	
Provinces and municipalities	150	-	-	150	149	1	99.3	250	104	
Provinces	150	-	-	150	149	1	99.3	250	104	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	
Provincial agencies and funds	150	-	-	150	149	1	99.3	250	104	
Municipalities	-	-	-	-	-	-	-	-	-	
Municipal bank accounts	-	-	-	-	-	-	-	-	-	
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Social security funds	-	-	-	-	-	-	-	-	-	

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 1: Administration									
Sub-programme	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies	-	-	-	-	-	-	-	-	-
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	1,085	-	563	1,648	1,648	-	100.0	1,539	1,539
Social benefits	748	-	563	1,311	1,360	(49)	103.7	902	983
Other transfers to households	337	-	-	337	288	49	85.5	637	556
Payments for capital assets	3,449	(221)	-	3,228	2,279	949	70.6	4,564	2,598
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 1: Administration											
	2018/19						2017/18				
	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		R'000
Machinery and equipment	3,449	(221)	-	3,228	2,279	949	70.6	4,564	2,598		2,598
Transport equipment	550	-	-	550	451	99	82.0	1,050	960		960
Other machinery and equipment	2,899	(221)	-	2,678	1,828	850	68.3	3,514	1,638		1,638
Heritage assets	-	-	-	-	-	-	-	-	-		-
Specialised military assets	-	-	-	-	-	-	-	-	-		-
Biological assets	-	-	-	-	-	-	-	-	-		-
Land and subsoil assets	-	-	-	-	-	-	-	-	-		-
Software and other intangible assets	-	-	-	-	-	-	-	-	-		-
Payments for financial assets	-	-	-	-	-	-	-	324	324		324
Total	234,685	-	(7,492)	227,193	227,193	-	100.0	215,298	217,793		217,793

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Sub-programme: 1.1 Corporate Services										
	2018/19					2017/18				
	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	230,001	221	(8,055)	222,167	223,117	(950)	100.4	208,621	213,228	
Compensation of employees	140,815	-	(5,468)	135,347	135,347	-	100.0	126,843	126,843	
Goods and services	88,903	221	(2,304)	86,820	87,770	(950)	101.1	81,778	86,385	
Interest and rent on land	283	-	(283)	-	-	-	-	-	-	
Transfers and subsidies	1,235	-	563	1,798	1,797	1	99.9	1,789	1,643	
Provinces and municipalities	150	-	-	150	149	1	99.3	250	104	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	1,085	-	563	1,648	1,648	-	100.0	1,539	1,539	
Payments for capital assets	3,449	(221)	-	3,228	2,279	949	70.6	4,564	2,598	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	3,449	(221)	-	3,228	2,279	949	70.6	4,564	2,598	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	324	324	
Total	234,685	-	(7,492)	227,193	227,193	-	100.0	215,298	217,793	

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 2: Housing Needs, Research and Planning									
	2018/19					2017/18			
	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	388	-	(11)	377	377	-	100.0	336	336
2. Policy	4,529	-	(481)	4,048	4,048	-	100.0	3,921	3,921
3. Planning	4,050	-	129	4,179	4,179	-	100.0	3,740	3,740
4. Research	8,570	-	154	8,724	8,724	-	100.0	8,514	8,514
Total for sub-programmes	17,537	-	(209)	17,328	17,328	-	100.0	16,511	16,511
Economic classification									
Current payments	17,027	-	(190)	16,837	16,837	-	100.0	16,477	16,476
Compensation of employees	14,509	-	(608)	13,901	13,901	-	100.0	13,582	13,581
Salaries and wages	12,445	-	(371)	12,074	12,074	-	100.0	11,803	11,804
Social contributions	2,064	-	(237)	1,827	1,827	-	100.0	1,779	1,777
Goods and services	2,518	-	185	2,703	2,703	-	100.0	2,895	2,895
Administrative fees	51	-	2	53	53	-	100.0	36	36
Advertising	17	-	-	17	17	-	100.0	20	20
Minor assets	14	-	-	14	14	-	100.0	12	12
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	1,358	-	147	1,505	1,505	-	100.0	2,044	2,044
Communication (G&S)	-	-	-	-	-	-	-	-	-
Computer services	54	-	(22)	32	32	-	100.0	60	60
Consultants: Business and advisory services	-	-	79	79	79	-	100.0	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 2: Housing Needs, Research and Planning									
	2018/19							2017/18	
	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
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	-	-	-	-	-	-	-	-	-
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	1	-
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	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2019

	Programme 2: Housing Needs, Research and Planning							2017/18		
	2018/19							Final Appropriation	Actual expenditure	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation			Final Appropriation
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Sub-programme										
Consumable supplies	60	-	(5)	55	55	-	100.0	4	5	
Consumable: Stationery, printing and office supplies	56	-	(11)	45	45	-	100.0	17	17	
Operating leases	-	-	-	-	-	-	-	-	-	
Property payments	-	-	-	-	-	-	-	-	-	
Transport provided: Departmental activity	36	-	-	36	36	-	100.0	-	-	
Travel and subsistence	772	-	90	862	862	-	100.0	701	701	
Training and development	100	-	(100)	-	-	-	-	-	-	
Operating payments	-	-	5	5	5	-	100.0	-	-	
Venues and facilities	-	-	-	-	-	-	-	-	-	
Rental and hiring	-	-	-	-	-	-	-	-	-	
Interest and rent on land	-	-	233	233	233	-	100.0	-	-	
Interest	-	-	233	233	233	-	100.0	-	-	
Rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	500	-	(19)	481	481	-	100.0	22	22	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Provinces	-	-	-	-	-	-	-	-	-	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	
Provincial agencies and funds	-	-	-	-	-	-	-	-	-	
Municipalities	-	-	-	-	-	-	-	-	-	
Municipal bank accounts	-	-	-	-	-	-	-	-	-	

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 2: Housing Needs, Research and Planning									
	2018/19							2017/18	
	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									
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
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	500	-	(19)	481	481	-	100.0	22	22
Social benefits	500	-	(19)	481	481	-	100.0	22	22
Other transfers to households	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 2: Housing Needs, Research and Planning									
	2018/19					2017/18			
	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
Payments for capital assets	10	-	-	10	10	-	100.0	11	12
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	10	-	-	10	10	-	100.0	11	12
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	10	-	-	10	10	-	100.0	11	12
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	1	1
Total	17,537	-	(209)	17,328	17,328	-	100.0	16,511	16,511

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Sub-programme: 2.1 Administration									
Economic classification	2018/19							2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	388	-	(11)	377	377	-	100.0	336	336
Compensation of employees	377	-	(1)	376	376	-	100.0	335	335
Goods and services	11	-	(10)	1	1	-	100.0	1	1
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	-	-	-	-	-	-	-	-	-
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	388	-	(11)	377	377	-	100.0	336	336

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Sub-programme: 2.2 Policy		2018/19							2017/18	
		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		4,529	-	(481)	4,048	4,048	-	100.0	3,888	3,887
Compensation of employees		4,389	-	(436)	3,953	3,953	-	100.0	3,835	3,834
Goods and services		140	-	(45)	95	95	-	100.0	53	53
Interest and rent on land		-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	-	-	-	-	-	22	22
Provinces and municipalities		-	-	-	-	-	-	-	-	-
Departmental agencies and accounts		-	-	-	-	-	-	-	-	-
Higher education institutions		-	-	-	-	-	-	-	-	-
Foreign governments and international organisations		-	-	-	-	-	-	-	-	-
Public corporations and private enterprises		-	-	-	-	-	-	-	-	-
Non-profit institutions		-	-	-	-	-	-	-	-	-
Households		-	-	-	-	-	-	-	22	22
Payments for capital assets		-	-	-	-	-	-	-	11	12
Buildings and other fixed structures		-	-	-	-	-	-	-	-	-
Machinery and equipment		-	-	-	-	-	-	-	11	12
Heritage assets		-	-	-	-	-	-	-	-	-
Specialised military assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Land and subsoil assets		-	-	-	-	-	-	-	-	-
Software and other intangible assets		-	-	-	-	-	-	-	-	-
Payments for financial assets		-	-	-	-	-	-	-	-	-
Total		4,529	-	(481)	4,048	4,048	-	100.0	3,921	3,921

APPROPRIATION STATEMENT
for the year ended 31 March 2019

		Sub-programme: 2.3 Planning							
		2018/19				2017/18			
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3,540	-	148	3,688	3,688	-	100.0	3,740	3,740
Compensation of employees	3,365	-	(54)	3,311	3,311	-	100.0	3,610	3,610
Goods and services	175	-	(31)	144	144	-	100.0	130	130
Interest and rent on land	-	-	233	233	233	-	100.0	-	-
Transfers and subsidies	500	-	(19)	481	481	-	100.0	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	500	-	(19)	481	481	-	100.0	-	-
Payments for capital assets	10	-	-	10	10	-	100.0	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	10	-	-	10	10	-	100.0	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	4,050	-	129	4,179	4,179	-	100.0	3,740	3,740

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Sub-programme: 2.4 Research									
	2018/19					2017/18			
	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	8,570	-	154	8,724	8,724	-	100.0	8,513	8,513
Compensation of employees	6,378	-	(117)	6,261	6,261	-	100.0	5,802	5,802
Goods and services	2,192	-	271	2,463	2,463	-	100.0	2,711	2,711
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	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	1	1
Total	8,570	-	154	8,724	8,724	-	100.0	8,514	8,514

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 3: Housing Development									
Sub-programme	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	93,947	-	(4,342)	89,605	89,605	-	100.0	90,595	88,121
2. Financial Interventions	380,749	73,524	46,386	500,659	501,981	(1,322)	100.3	606,705	606,705
3. Incremental Interventions	1,425,062	(73,524)	(139,129)	1,212,409	1,161,959	50,450	95.8	1,352,600	1,352,987
4. Social and Rental Interventions	129,766	-	(20,610)	109,156	109,156	-	100.0	108,326	108,326
5. Rural Interventions	1,316,694	-	125,396	1,442,090	1,442,677	(587)	100.0	1,479,258	1,496,336
Total for sub-programmes	3,346,218	-	7,701	3,353,919	3,305,378	48,541	98.6	3,637,484	3,652,475
Economic classification									
Current payments	272,724	3,527	2,611	278,862	274,864	3,998	98.6	258,339	255,100
Compensation of employees	178,893	3,527	(6,801)	175,619	171,451	4,168	97.6	161,306	158,300
Salaries and wages	166,172	3,527	(6,178)	163,521	159,487	4,034	97.5	147,963	146,089
Social contributions	12,721	-	(623)	12,098	11,964	134	98.9	13,343	12,211
Goods and services	93,831	-	9,412	103,243	103,413	(170)	100.2	97,018	96,785
Administrative fees	616	-	8	624	623	1	99.8	226	207
Advertising	1,095	-	(701)	394	332	62	84.3	674	674
Minor assets	258	-	-	258	237	21	91.9	837	441
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	1,701	-	647	2,348	2,347	1	100.0	2,979	2,375
Communication (G&S)	1,026	-	(12)	1,014	985	29	97.1	540	528
Computer services	294	-	(39)	255	255	-	100.0	270	258
Consultants: Business and advisory services	11,614	-	(2,026)	9,588	9,683	(95)	101.0	11,122	12,888
Infrastructure and planning services	43,416	-	7,562	50,978	50,979	(1)	100.0	44,749	44,749
Laboratory services	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 3: Housing Development									
	2018/19						2017/18		
	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	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	233	-	129	362	363	(1)	100.3	524	524
Contractors	7,134	-	(1,030)	6,104	6,103	1	100.0	4,982	4,982
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	563	-	-	563	424	139	75.3	435	435
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	38	-
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	1,330	-	360	1,690	1,691	(1)	100.1	1,302	1,302
Consumable: Stationery, printing and office supplies	62	-	(51)	11	11	-	100.0	77	34
Operating leases	-	-	-	-	-	-	-	375	185
Property payments	9,692	-	2,637	12,329	12,321	8	99.9	13,969	13,969
Transport provided: Departmental activity	191	-	408	599	554	45	92.5	974	559
Travel and subsistence	10,083	-	79	10,162	10,513	(351)	103.5	9,068	9,068

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 3: Housing Development									
Sub-programme	2018/19						2017/18		
	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
Training and development	(1,286)	-	3,862	2,576	2,576	-	100.0	507	507
Operating payments	3,916	-	(3,606)	310	337	(27)	108.7	287	269
Venues and facilities	215	-	(215)	-	-	-	-	641	389
Rental and hiring	1,678	-	1,400	3,078	3,079	(1)	100.0	2,442	2,442
Interest and rent on land	-	-	-	-	-	-	-	15	15
Interest	-	-	-	-	-	-	-	15	15
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3,062,805	(3,527)	(342)	3,058,936	3,014,966	43,970	98.6	3,352,279	3,366,840
Provinces and municipalities	128,369	69,997	-	198,366	193,664	4,702	97.6	265,935	256,935
Provinces	-	-	-	-	-	-	-	-	1
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	1
Municipalities	128,369	69,997	-	198,366	193,664	4,702	97.6	265,935	256,934
Municipal bank accounts	128,369	69,997	-	198,366	193,664	4,702	97.6	265,935	256,934
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 3: Housing Development									
	2018/19					2017/18			
	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									
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2,934,436	(73,524)	(342)	2,860,570	2,821,302	39,268	98.6	3,086,344	3,109,905
Social benefits	2,112	-	588	2,700	2,609	91	96.6	2,413	2,447
Other transfers to households	2,932,324	(73,524)	(930)	2,857,870	2,818,693	39,177	98.6	3,083,931	3,107,458
Payments for capital assets	10,689	-	5,432	16,121	15,548	573	96.4	26,841	30,510
Buildings and other fixed structures	10,000	-	5,432	15,432	15,432	-	100.0	26,026	29,913
Buildings	-	-	-	-	-	-	-	26,026	29,913
Other fixed structures	10,000	-	5,432	15,432	15,432	-	100.0	-	-
Machinery and equipment	689	-	-	689	116	573	16.8	815	597
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	689	-	-	689	116	573	16.8	815	597
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	25	25
Total	3,346,218	-	7,701	3,353,919	3,305,378	48,541	98.6	3,637,484	3,652,475

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Sub-programme: 3.1 Administration									
Economic classification	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	91,808	-	(4,930)	86,878	87,111	(233)	100.3	88,232	85,841
Compensation of employees	85,398	-	(3,950)	81,448	81,528	(80)	100.1	82,892	80,734
Goods and services	6,410	-	(980)	5,430	5,583	(153)	102.8	5,325	5,092
Interest and rent on land	-	-	-	-	-	-	-	15	15
Transfers and subsidies	1,881	-	588	2,469	2,469	-	100.0	2,213	2,213
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,881	-	588	2,469	2,469	-	100.0	2,213	2,213
Payments for capital assets	258	-	-	258	25	233	9.7	125	42
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	258	-	-	258	25	233	9.7	125	42
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	25	25
Total	93,947	-	(4,342)	89,605	89,605	-	100.0	90,595	88,121

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Sub-programme: 3.2 Financial Interventions											
	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	R'000	R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	180,916	3,527	7,541	191,984	187,753	4,231	97.8	170,107	169,259		
Compensation of employees	93,495	3,527	(2,851)	94,171	89,923	4,248	95.5	78,414	77,566		
Goods and services	87,421	-	10,392	97,813	97,830	(17)	100.0	91,693	91,693		
Interest and rent on land	-	-	-	-	-	-	-	-	-		
Transfers and subsidies	189,402	69,997	33,413	292,812	298,705	(5,893)	102.0	409,882	406,978		
Provinces and municipalities	48,369	69,997	-	118,366	113,664	4,702	96.0	196,935	196,935		
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-		
Higher education institutions	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-		
Non-profit institutions	-	-	-	-	-	-	-	-	-		
Households	141,033	-	33,413	174,446	185,041	(10,595)	106.1	212,947	210,043		
Payments for capital assets	10,431	-	5,432	15,863	15,523	340	97.9	26,716	30,468		
Buildings and other fixed structures	10,000	-	5,432	15,432	15,432	-	100.0	26,026	29,913		
Machinery and equipment	431	-	-	431	91	340	21.1	690	555		
Heritage assets	-	-	-	-	-	-	-	-	-		
Specialised military assets	-	-	-	-	-	-	-	-	-		
Biological assets	-	-	-	-	-	-	-	-	-		
Land and subsoil assets	-	-	-	-	-	-	-	-	-		
Software and other intangible assets	-	-	-	-	-	-	-	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
Total	380,749	73,524	46,386	500,659	501,981	(1,322)	100.3	606,705	606,705		

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Sub-programme: 3.3 Incremental Interventions									
Economic classification	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,425,062	(73,524)	(139,129)	1,212,409	1,161,959	50,450	95.8	1,352,600	1,352,987
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,425,062	(73,524)	(139,129)	1,212,409	1,161,959	50,450	95.8	1,352,600	1,352,987
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1,425,062	(73,524)	(139,129)	1,212,409	1,161,959	50,450	95.8	1,352,600	1,352,987

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Sub-programme: 3.4 Social and Rental Interventions										
Economic classification	2018/19					2017/18		Expenditure as % of final appropriation	Variance	Actual Expenditure
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Final Appropriation	Actual expenditure			
	R'000	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	129,766	-	(20,610)	109,156	109,156	109,156	100.0	100.0	108,326	108,326
Provinces and municipalities	80,000	-	-	80,000	80,000	80,000	100.0	100.0	69,000	60,000
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-
Households	49,766	-	(20,610)	29,156	29,156	29,156	100.0	100.0	39,326	48,326
Payments for capital assets	-	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-	-
Total	129,766	-	(20,610)	109,156	109,156	109,156	100.0	100.0	108,326	108,326

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Sub-programme: 3.5 Rural Interventions												
Economic classification	2018/19						2017/18					
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	R'000	R'000	
Current payments	-	-	-	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,316,694	-	125,396	1,442,090	1,442,677	(587)	100.0	1,479,258	1,496,336			
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-	-	-
Households	1,316,694	-	125,396	1,442,090	1,442,677	(587)	100.0	1,479,258	1,496,336			
Payments for capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,316,694	-	125,396	1,442,090	1,442,677	(587)	100.0	1,479,258	1,496,336			

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 4: Housing Asset Management, Property Management									
	2018/19					2017/18			
	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. Administration	42,405	-	-	42,405	41,501	904	97.9	40,812	38,303
2. Sale and Transfer of Housing Properties	59,950	-	-	59,950	58,189	1,761	97.1	57,996	42,344
3. Housing Properties Maintenance	84,284	-	-	84,284	85,040	(756)	100.9	98,633	99,308
Total for sub-programmes	186,639	-	-	186,639	184,730	1,909	99.0	197,441	179,955
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 2019

Programme 4: Housing Asset Management, Property Management										
	2018/19					2017/18		Expenditure as % of final appropriation	Variance	Actual Expenditure
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Final Appropriation	Actual expenditure			
Sub-programme	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	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	186,639	-	-	186,639	184,730	197,441	99.0	-	179,955	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Programme 4: Housing Asset Management, Property Management									
	2018/19					2017/18			
	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									
Departmental agencies and accounts	186,639	-	-	186,639	184,730	1,909	99.0	197,441	179,955
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	186,639	-	-	186,639	184,730	1,909	99.0	197,441	179,955
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									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets									
Total	186,639	-	-	186,639	184,730	1,909	99.0	197,441	179,955

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Economic classification	Sub-programme: 4.1 Administration							2017/18	
	2018/19							Final	Actual
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Appropriation	expenditure
R'000	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	42,405	-	-	42,405	41,501	904	97.9	40,812	38,303
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	42,405	-	-	42,405	41,501	904	97.9	40,812	38,303
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	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	42,405	-	-	42,405	41,501	904	97.9	40,812	38,303

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Sub-programme: 4.2 Sale and Transfer of Housing Properties		2018/19							2017/18	
		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	59,950	-	-	59,950	58,189	1,761	97.1	57,996	42,344	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	59,950	-	-	59,950	58,189	1,761	97.1	57,996	42,344	
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	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
Total	59,950	-	-	59,950	58,189	1,761	97.1	57,996	42,344	

APPROPRIATION STATEMENT
for the year ended 31 March 2019

Economic classification	Sub-programme: 4.3 Housing Properties Maintenance							2017/18	
	2018/19							Final Appropriation	Actual expenditure
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	84,284	-	-	84,284	85,040	(756)	100.9	98,633	99,308
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	84,284	-	-	84,284	85,040	(756)	100.9	98,633	99,308
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	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	84,284	-	-	84,284	85,040	(756)	100.9	98,633	99,308

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2019

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 R'000	Variance as a % of Final Appropriation
Programme 1: Administration	227,193	227,193	-	-
Programme 2: Housing Needs, Research and Planning	17,328	17,328	-	-
Programme 3: Housing Development	3,353,919	3,305,378	48,541	1.45%
Explanation of variance: This programme under spent mainly as a result of delays in the finalisation of procurement processes in the Ugu District in respect of the flood disaster that occurred in the province on 10 October 2017. The disaster relief funds were allocated by National Treasury and were added to the HSDG allocation to cater for the eThekweni Metro and Ugu District. The contractor was appointed and is currently on site.				
Programme 4: Housing Asset Management, Property Management	186,639	184,730	1,909	1.02%

Explanation of variance: This programme under spent mainly in respect of the title deeds restoration programme due to slow issuing of rate clearance certificates by municipalities, township establishment processes taking longer than anticipated, as well as the high rate of illegal occupancy resulting in delays in the formalisation process. In this regard, the department established that units were occupied by new people, and the people who were originally allocated accommodation are no longer living there. This means that the department must ensure that there are agreements with the new occupants. These savings will be moved to offset spending pressure under Programme 3 within the title deeds restoration programme.

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2019

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments	517,866	514,818	3,048	0.59%
Compensation of employees	324,867	320,699	4,168	1.28%
Goods and services	192,766	193,886	(1,120)	(0.58%)
Interest and rent on land	233	233	-	-
Transfers and subsidies	3,247,854	3,201,974	45,880	1.14%
Provinces and municipalities	198,516	193,813	4,703	2.37%
Departmental agencies and accounts	186,639	184,730	1,909	1.02%
Higher education institutions	-	-	-	-
Public corporations and private enterprises	-	-	-	-
Foreign governments and international organisations	-	-	-	-
Non-profit institutions	-	-	-	-
Households	2,862,699	2,823,431	39,268	1.37%
Payments for capital assets	19,359	17,837	1,522	7.86%
Buildings and other fixed structures	15,432	15,432	-	-
Machinery and equipment	3,927	2,405	1,522	38.76%
Heritage assets	-	-	-	-
Specialised military assets	-	-	-	-
Biological assets	-	-	-	-
Land and subsoil assets	-	-	-	-
Software and other intangible assets	-	-	-	-
Payments for financial assets	-	-	-	-
Total	3,785,079	3,734,629	50,450	1.33%

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	3,252,757	3,202,307	50,450	1.55%
EPWP Incentive Grant	11,484	11,484	-	-
Title Deeds Restoration Grant	101,422	101,422	-	-

Explanation of variance: This programme under spent mainly as a result of delays in the finalisation of procurement processes in the uGu District in respect of the flood disaster that occurred in the province on 10 October 2017. The disaster relief funds were allocated by National Treasury and were added to the HSDG allocation to cater for the eThekweni Metro and Ugu District. The contractor was appointed and is currently on site, therefore, the amount of R50,450 million will be requested for roll-over to 2019/20.

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
REVENUE			
Annual appropriation	1	3,785,079	4,066,734
Departmental revenue	2	45,806	61,283
TOTAL REVENUE		3,830,885	4,128,017
EXPENDITURE			
Current expenditure			
Compensation of employees	3	320,699	298,724
Goods and services	4	193,886	186,065
Interest and rent on land	5	233	15
Total current expenditure		514,818	484,804
Transfers and subsidies			
Transfers and subsidies	7	3,201,974	3,548,460
Total transfers and subsidies		3,201,974	3,548,460
Expenditure for capital assets			
Tangible assets	8	17,837	33,120
Total expenditure for capital assets		17,837	33,120
Payments for financial assets	6	-	350
TOTAL EXPENDITURE		3,734,629	4,066,734
SURPLUS FOR THE YEAR		96,256	61,283
Reconciliation of Net Surplus for the year			
Voted funds			
Annual appropriation		50,450	-
Conditional grants		-	-
Departmental revenue	2	50,450	-
		45,806	61,283
SURPLUS FOR THE YEAR		96,256	61,283

STATEMENT OF FINANCIAL POSITION
as at 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
ASSETS			
Current assets		53,448	18,780
Unauthorised expenditure	9	19,395	17,486
Cash and cash equivalents	10	32,453	4
Receivables	12	1,600	1,290
Non-current assets		129	89
Receivables	12	129	89
TOTAL ASSETS		53,577	18,869
LIABILITIES			
Current liabilities		53,435	18,750
Voted funds to be surrendered to the Revenue Fund	13	52,359	(182,514)
Departmental revenue to be surrendered to the Revenue Fund	14	976	1,935
Bank overdraft	15	-	199,238
Payables	16	100	91
TOTAL LIABILITIES		53,435	18,750
NET ASSETS		142	119
Represented by:			
Recoverable revenue		142	119
TOTAL		142	119

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
Recoverable revenue			
Opening balance		119	238
Transfers:			
Irrecoverable amounts written off	6.1	23 -	(119) (126)
Debts recovered (included in departmental receipts)		(153)	(146)
Debts raised		176	153
Closing balance		142	119

CASH FLOW STATEMENT
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		3,803,217	3,888,817
Annual appropriated funds received	1.1	3,785,079	3,866,734
Departmental revenue received	2	18,137	2,631
Interest received	2.2	1	19,452
Net increase in working capital		(2,250)	(12,331)
Surrendered to Revenue Fund		135,749	(63,572)
Current payments		(512,676)	(467,303)
Interest paid	5	(233)	(15)
Payments for financial assets		-	(350)
Transfers and subsidies paid		(3,201,974)	(3,548,460)
Net cash flow available / (utilised) from operating activities	17	221,833	(203,214)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(17,837)	(33,120)
Proceeds from sale of capital assets	2.3	27,668	39,200
Net cash flows from investing activities		9,831	6,080
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase / (Decrease) in net assets		23	(119)
Net cash flows from financing activities		23	(119)
Net increase/(decrease) in cash and cash equivalents		231,687	(197,253)
Cash and cash equivalents at beginning of period		(199,234)	(1,981)
Cash and cash equivalents at end of period	18	32,453	(199,234)

ACCOUNTING POLICIES for the year ended 31 March 2019

Summary of significant accounting policies

The annual 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).

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.

ACCOUNTING POLICIES for the year ended 31 March 2019

7.3 Accrued departmental revenue

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

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

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

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

Write-offs are made according to the department's debt write-off policy.

8 Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

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

8.1.2 Social contributions

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

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

8.2 Other expenditure

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

8.3 Accruals and payables not recognised

Accruals and payables not recognised, but are recorded in the notes to the financial statements at cost at the reporting date.

8.4 Leases

8.4.1 Operating leases

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

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

8.4.2 Finance leases

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

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

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

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

9 Aid Assistance

9.1 Aid assistance received

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

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

ACCOUNTING POLICIES
for the year ended 31 March 2019

9.2 Aid assistance paid

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

10 Cash and cash equivalents

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

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

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

11 Prepayments and advances

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

Prepayments and advances are initially and subsequently measured at cost.

12 Loans and receivables

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

13 Investments

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

14 Financial assets**14.1 Financial assets (not covered elsewhere)**

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

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

14.2 Impairment of financial assets

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

15 Payables

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

16 Capital Assets**16.1 Immovable capital assets**

Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

ACCOUNTING POLICIES for the year ended 31 March 2019

16.2 Movable capital assets

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

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

All assets acquired prior to 1 April 2004 (or a later date as approved by the OAG) may be recorded at R1.

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

Biological assets are subsequently carried at fair value.

Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

16.3 Intangible assets

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

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

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

All assets acquired prior to 1 April 2004 (or a later date as approved by the OAG) may be recorded at R1.

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

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

16.4 Project Costs: Work-in-progress

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

17 Provisions and Contingents

17.1 Provisions

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

17.2 Contingent liabilities

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

17.3 Contingent assets

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

17.4 Commitments

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

ACCOUNTING POLICIES
for the year ended 31 March 2019

18 Unauthorised expenditure

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

- approved by Provincial Legislature with funding and the related funds are received; or
- approved by 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 annual 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 annual 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 annual financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

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

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

21 Changes in accounting policies, accounting estimates and errors

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

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

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

22 Events after the reporting date

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

23 Principal-Agent arrangements

The department is party to principal-agent arrangements. A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

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

Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard.

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.

ACCOUNTING POLICIES for the year ended 31 March 2019

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 MEC's portfolio are recorded in the notes to the annual 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 recognised at cost in the statement of financial performance.

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

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the first in first out basis.

29 Public-Private Partnerships

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

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

30 Employee benefits

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

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	2018/19			2017/18	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
1. Administration	227,193	227,193	-	215,298	215,298
2. Housing Needs, Research and Planning	17,328	17,328	-	16,511	16,511
3. Housing Development	3,353,919	3,353,919	-	3,637,484	3,437,484
4. Housing Asset Management, Property Management	186,639	186,639	-	197,441	197,441
Total	3,785,079	3,785,079	-	4,066,734	3,866,734

	Note	2018/19 R'000	2017/18 R'000
1.2 Conditional grants			
Total grants received	34	<u>3,365,658</u>	<u>3,684,564</u>
2. Departmental revenue			
Sales of goods and services other than capital assets	2.1	424	422
Interest, dividends and rent on land	2.2	1	19,452
Sales of capital assets	2.3	27,668	39,200
Transactions in financial assets and liabilities	2.4	17,713	2,209
Departmental revenue collected		<u>45,806</u>	<u>61,283</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the department	2	399	422
Sales by market establishment		399	422
Sales of scrap, waste and other used current goods		25	-
Total		424	422
2.2 Interest, dividends and rent on land			
Interest	2	1	19,452
Total		1	19,452

In the 2017/18 financial year, interest was received from Nurcha and subsequently paid over to Ithala bank.

2.3 Sale of capital assets			
Tangible assets	2	27,668	39,200
Buildings and other fixed structures	28	27,668	38,927
Machinery and equipment	28	-	273
Total		27,668	39,200
2.4 Transactions in financial assets and liabilities			
Other Receipts including Recoverable Revenue	2	17,713	2,209
Total		17,713	2,209

Relates to unspent funds recalled from various Municipalities.

3. Compensation of employees			
3.1. Salaries and Wages			
Basic salary		222,672	210,832
Performance award		3,326	2,323
Service Based		479	564
Compensative/circumstantial		2,453	1,080
Periodic payments		5,405	4,074
Other non-pensionable allowances		50,848	47,630
Total		285,183	266,503

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
3.2 Social contributions			
Employer contributions			
Pension		24,943	21,810
Medical		10,522	10,354
Bargaining council		51	57
Total		35,516	32,221
Total compensation of employees		320,699	298,724
Average number of employees		585	609
4. Goods and services			
Administrative fees		932	511
Advertising		645	895
Minor assets	4.1	844	996
Bursaries (employees)		201	225
Catering		3,954	4,553
Communication		4,785	4,212
Computer services	4.2	13,443	11,804
Consultants: Business and advisory services		9,882	13,096
Infrastructure and planning services		50,980	44,748
Legal services		3,423	3,276
Contractors		6,377	8,023
Audit cost – external	4.3	6,501	6,927
Fleet services		6,605	5,630
Consumables	4.4	3,782	3,242
Operating leases		27,193	28,609
Property payments	4.5	30,829	30,383
Rental and hiring		3,079	2,442
Transport provided as part of the departmental activities		590	563
Travel and subsistence	4.6	15,324	13,146
Venues and facilities		-	389
Training and development		3,563	1,358
Other operating expenditure	4.7	954	1,037
Total		193,886	186,065

In terms of the new SCOA classifications, items purchased under inventory are now classified as consumables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
4.1 Minor assets			
Tangible assets	4		
Machinery and equipment		844	996
Total		844	996
4.2 Computer services			
SITA computer services		7,150	8,351
External computer service providers		6,293	3,453
Total		13,443	11,804
4.3 Audit cost – External			
Regularity audits		6,501	6,927
Total		6,501	6,927
4.4 Consumables			
Consumable supplies		2,307	2,236
Uniform and clothing		632	697
Household supplies		97	66
Building material and supplies		933	373
Communication accessories		45	-
IT consumables		317	844
Other consumables		283	256
Stationery, printing and office supplies		1,475	1,006
Total		3,782	3,242
4.5 Property payments			
Municipal services		4,236	4,189
Property maintenance and repairs		4,854	3,056
Other		21,739	23,138
Total		30,829	30,383

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
4.6 Travel and subsistence			
Local		15,324	13,146
Foreign		-	-
Total		15,324	13,146
4.7 Other operating expenditure			
Professional bodies, membership and subscription fees		16	23
Resettlement costs		197	112
Other		741	902
Total		954	1,037
5. Interest and rent on land			
Interest paid		233	15
Rent on land		-	-
Total		233	15
6. Payments for financial assets			
Debts written off	6.1	-	350
Total		-	350
6.1 Debts written off			
Nature of debts written off	6		
Leave without pay		-	1
Interest written off – supplier overpayment		-	125
Total		-	126
Other debt written off			
Out of services debts		-	35
Supplier overpayment		-	189
Total		-	224
Total debt written off		-	350

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
7. Transfers and subsidies			
Provinces and municipalities	Annex 1A	193,813	257,039
Departmental agencies and accounts	Annex 1B	184,730	179,955
Households	Annex 1C	2,823,431	3,111,466
Total		3,201,974	3,548,460

8. Expenditure for capital assets**Tangible assets**

Buildings and other fixed structures

Machinery and equipment

Total

	Annex 6 28	17,837	33,120
Buildings and other fixed structures	Annex 6	15,432	29,913
Machinery and equipment	28	2,405	3,207
Total		17,837	33,120

8.1 Analysis of funds utilised to acquire capital assets – 2018/19**Tangible assets**

Buildings and other fixed structures

Machinery and equipment

Total

	Voted funds R'000	Aid assistance R'000	Total R'000
Buildings and other fixed structures	15,432	-	15,432
Machinery and equipment	2,405	-	2,405
Total	17,837	-	17,837

8.2 Analysis of funds utilised to acquire capital assets – 2017/18**Tangible assets**

Buildings and other fixed structures

Machinery and equipment

Total

	Voted funds R'000	Aid assistance R'000	Total R'000
Buildings and other fixed structures	29,913	-	29,913
Machinery and equipment	3,207	-	3,207
Total	33,120	-	33,120

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
9. Unauthorised expenditure			
9.1 Reconciliation of unauthorised expenditure			
Opening balance		17,486	5,579
Unauthorised expenditure – discovered in current year		1,909	17,486
Less: Amounts approved by Legislature with funding		-	(5,579)
Closing balance		19,395	17,486
Analysis of closing balance			
Unauthorised expenditure awaiting authorisation		19,395	17,486
Total		19,395	17,486
9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification			
Current		2,495	2,495
Capital		-	-
Transfers and subsidies		16,900	14,991
Total		19,395	17,486
9.3 Analysis of unauthorised expenditure awaiting authorisation per type			
Unauthorised expenditure relating to overspending of the vote or a main division within a vote		19,395	17,486
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division		-	-
Total		19,395	17,486
9.4 Details of unauthorised expenditure – current year			
Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000	
Programme 3: Housing Development	Acceleration of service delivery		1,909
Total			1,909

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
10. Cash and cash equivalents			
Consolidated Paymaster General Account		32,449	-
Cash on hand		4	4
Total		32,453	4

11. Prepayments and advances**11.1 Advances paid (Expensed)**

	Amount as at 1 April 2018 R'000	Less: Received in the current year R'000	Add: Current Year advances R'000	Less: Claims released R'000	Amount as at 31 March 2019 R'000
Public entities	195,857	-	353,581	(454,046)	95,392
Total	195,857	-	353,581	(454,046)	95,392

Advance payment(s) made in terms of the Housing code (EHPH) to Ithala DFC Limited in respect of the Military Veterans and Vulindlela housing programme.

	Amount as at 1 April 2017 R'000	Less: Received in the current year R'000	Add: Current Year advances R'000	Less: Claims released R'000	Amount as at 31 March 2018 R'000
Public entities	125,063	-	364,474	(293,680)	195,857
Total	125,063	-	364,474	(293,680)	195,857

Advance payment(s) made in terms of the Housing code (EHPH) to Ithala DFC Limited in respect of the Military Veterans and Vulindlela housing programme

12. Receivables

	Note	2018/19			2017/18		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	12.1	-	-	-	9	-	9
Staff debt	12.2	148	129	277	198	89	287
Other receivables	12.3	1,452	-	1,452	1,083	-	1,083
Total		1,600	129	1,729	1,290	89	1,379

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
12.1 Claims recoverable			
National departments		-	9
Total		-	9
12.2 Staff debt			
Salary		34	83
Bursary		42	20
Other		201	184
Total		277	287
12.3 Other receivables			
Online Travel account		8	-
KwaZulu-Natal Housing Fund		1,444	1,082
Salary – tax debt		-	1
Total		1,452	1,083
12.4 Impairment of receivables			
Estimate of impairment of receivables		78	54
Total		78	54
13. Voted funds to be surrendered to the Revenue Fund			
Opening balance		(182,514)	1,374
Transfer from statement of financial performance		50,450	-
Add: Unauthorised expenditure for current year	9	1,909	17,486
Voted funds not received	1.1	-	(200,000)
Net received / (Paid) during the year		182,514	(1,374)
Closing balance		52,359	(182,514)
14. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		1,935	2,850
Transfer from Statement of Financial Performance		45,806	61,283
Paid during the year		(46,765)	(62,198)
Closing balance		976	1,935

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
15. Bank Overdraft			
Consolidated Paymaster General Account		-	199,238
Total		-	199,238
16. Payables – current			
Clearing accounts	16.1	100	42
Other payables	16.2	-	49
Total		100	91
16.1 Clearing accounts			
Salary related		100	42
Total		100	42
16.2 Other payables			
Top up on cellphone contracts (Vodacom)		-	49
Total		-	49
17. Net cash flow available from operating activities			
Net surplus as per Statement of Financial Performance		96,256	61,283
Add back non cash/cash movements not deemed operating activities		125,577	(264,497)
Increase in receivables – current		(350)	(462)
Decrease in other current assets		-	5,579
Increase in payables – current		9	38
Proceeds from sale of capital assets		(27,668)	(39,200)
Expenditure on capital assets		17,837	33,120
Surrenders to Revenue Fund		135,749	(63,572)
Voted funds not received		-	(200,000)
Net cash flow generated / (utilised) by operating activities		221,833	(203,214)
18. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		32,449	(199,238)
Cash on hand		4	4
Total		32,453	(199,234)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
19. Contingent liabilities			
Liable to			
Claims against the department	Annex 2	118,607	123,287
Intergovernmental payables (unconfirmed balances)	Annex 4	84,995	47,267
Total		203,602	170,554

The contingent liabilities involves contracts disputes and claims which have arisen out of breach of contract. The estimates outflow is uncertain owing to court dates not being determined.

20. Commitments			
Current expenditure			
Approved and contracted		109,026	87,456
Approved but not yet contracted		79,192	25,489
		188,218	112,945
Capital expenditure			
Approved and contracted		15,948	10,561
Approved but not yet contracted		2,649	3,050
		18,597	13,611
Total Commitments		206,815	126,556

Sita, cleaning, security contracts and social amenities are longer than a year.

21. Accruals and payables not recognised

21.1 Accruals

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	6,964	-	6,964	10,175
Transfers and subsidies	19	-	19	678
Capital assets	104	-	104	475
Other	226	-	226	210
Total	7,313	-	7,313	11,538

Listed by programme level

Programme 1: Administration	4,618	5,183
Programme 2: Housing Needs, Research and Planning	53	108
Programme 3: Housing Development	1,988	3,249
Programme 4: Housing Asset Management, Property Management	654	2,998
Total	7,313	11,538

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

21.2 Payables not recognised**Listed by economic classification**

	30 Days	30+ Days	Total	Total
Goods and services	1,399	-	1,399	8,270
Transfers and subsidies	237,689	-	237,689	300,366
Capital assets	9,175	-	9,175	15
Total	248,263	-	248,263	308,651

Note	2018/19 R'000	2017/18 R'000
------	------------------	------------------

Listed by programme level

Programme 1: Administration	588	4,994
Programme 2: Housing Needs, Research and Planning	6,265	4,492
Programme 3: Housing Development	241,122	298,318
Programme 4: Housing Asset Management, Property Management	288	847
Total	248,263	308,651

Included in the above totals are the following:

Confirmed balances with other departments	Annex 4	453	7,425
Total		453	7,425

22. Employee benefits

Leave entitlement	18,902	18,819
Service bonus (Thirteenth cheque)	7,573	7,371
Capped leave commitments	21,744	25,131
Other	43	20
Total	48,262	51,341

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

23. Lease commitments**23.1 Operating leases**

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	22,568	1,694	24,262
Later than 1 year and not later than 5 years	-	-	45,047	922	45,969
Later than five years	-	-	-	-	-
Total lease commitments	-	-	67,615	2,616	70,231

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	17,415	1,687	19,102
Later than 1 year and not later than 5 years	-	-	56,703	1,141	57,844
Later than five years	-	-	-	-	-
Total lease commitments	-	-	74,118	2,828	76,946

Operating lease commitments relates to leasing of office accommodation (procured via Department of Public Works) and photocopy machines (procured via a transversal contract).

23.2 Finance leases

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	2,236	2,236
Later than 1 year and not later than 5 years	-	-	-	1,271	1,271
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	3,507	3,507

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	2,178	2,178
Later than 1 year and not later than 5 years	-	-	-	634	634
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	2,812	2,812

Finance lease commitments relates to cell phone contracts procured via a transversal contract.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
24. Accrued departmental revenue			
Transactions in financial assets and liabilities		14,152	14,051
Total		14,152	14,051
24.1 Analysis of accrued departmental revenue			
Opening balance		14,051	13,598
Less: amounts received		(1,141)	(840)
Add: amounts recognised		1,242	1,293
Closing balance		14,152	14,051
24.2 Impairment of accrued departmental revenue			
Estimate of impairment of accrued departmental revenue		3,546	-
Total		3,546	-
The impairment has been made against debts where no receipts were received from inception of the debt.			
25. Irregular expenditure			
25.1 Reconciliation of irregular expenditure			
Opening balance		3,651,025	2,920,362
Add: Irregular expenditure – relating to prior year		490,515	5,530
Add: Irregular expenditure – relating to current year		653,111	725,133
Irregular expenditure awaiting condonation		4,794,651	3,651,025
Analysis of awaiting condonation per age classification			
Current year		1,143,626	730,663
Prior years		3,651,025	2,920,362
Total		4,794,651	3,651,025

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

2018/19

R'000

25.2 Details of irregular expenditure – added current year

Incident	Disciplinary steps taken/criminal proceedings	
Non-compliance: Local Content	Percentage of local content for quotations not complied with	1,799
Non-compliance: Deviations	Related to deviations above 20% and tax clearance certificates	14,656
SCM process not followed by Municipalities	These cases relates to procurement of service providers for housing projects undertaken by various Municipalities (relates to contracts concluded in prior years)	1,127,171
Total		1,143,626

25.3 Details of irregular expenditures under investigation (not included in the main note)**Incident**

At the inception of the Irregular Expenditure investigation, there were 215 projects under investigation. These relate to housing projects where the municipalities concluded the SCM processes. The Department is awaiting the SCM documentation to assess if the expenditure is irregular. Only once the documents have been received, will the Department be in a position to validate and quantify the irregular expenditure for the projects under investigation (relates to contracts concluded in prior years). As at 31 March 2019, there are 151 projects under investigation.

Projects under investigation

Balance at 1 April 2018	180 projects	5,258,792
Less: projects declared irregular	(29 projects)	(490,515)
Awaiting documentation – expenditure incurred	151 projects	646,650
Total		5,414,927

25.4 Details of the non-compliance where an institution was not represented in a bid committee for contracts arranged by other institutions**Incident**

Transversal contracts for photocopy machines	3,014
Procurement for housing projects	4,650,219
Total	4,653,233

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
26. Fruitless and wasteful expenditure		
26.1 Reconciliation of fruitless and wasteful expenditure		
Opening balance	568	1,151
Prior period error	-	(372)
As restated	568	779
Fruitless and wasteful expenditure – relating to prior year	-	-
Fruitless and wasteful expenditure – relating to current year	502	19
Less: Amounts resolved	-	(230)
Closing balance	1,070	568
26.2 Analysis of awaiting resolution per economic classification		
Current	1,070	568
Total	1,070	568
26.3 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure		
		2018/19 R'000
Incident	Disciplinary steps taken/criminal proceedings	
Interest paid – Propel	Outstanding levies	269
Legal Costs paid – Pale Native	Outstanding claim	233
Total		502
26.4 Prior period error		
		2017/18 R'000
Nature of prior period error		
Relating to 2016/17 (affecting the opening balance)		(372)
Actuarial interest paid to GEPP in respect of employees that took early retirement		(372)
Relating to 2017/18		(9)
Actuarial interest paid to GEPP in respect of employees that took early retirement		(9)
Total		(381)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000	
27. Related party transactions			
Payments made			
Goods and services	24,398	30,977	
Transfers	224,834	221,364	
Total	249,232	252,341	
Year end balances arising from revenue/payments			
Receivables from related parties	1,444	1,082	
Payables to related parties	-	-	
Total	1,444	1,082	
Other			
Guarantees issued/received			
Expenditure applicable to related party transactions: KwaZulu-Natal Housing Fund -managed by same MEC and HOD	184,730	221,364	
KwaZulu-Natal Department of Public Works - same MEC	64,502	30,977	
Total	249,232	252,341	
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	6,562		
The Department of Human Settlements occupies 5 buildings owned by the Department of Public Works at no cost (estimated benefit to the Department)	7,087		
Total	13,649		
28. Key management personnel			
	No. of Individuals	2018/19 R'000	2017/18 R'000
Officials:			
Level 15 to 16	3	3,891	4,489
Level 14	8	9,783	4,819
Family members of key management personnel		-	-
Total		13,674	9,308

Salary of the MEC is paid by the Department of Public Works

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

29. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	61,396	-	2,031	(1,640)	61,787
Transport assets	30,270	-	451	-	30,721
Computer equipment	24,902	-	1,231	(1,404)	24,729
Furniture and office equipment	5,975	-	349	(236)	6,088
Other machinery and equipment	249	-	-	-	249
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	61,396	-	2,031	(1,640)	61,787

29.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	2,406	-	-	(375)	2,031
Transport assets	451	-	-	-	451
Computer equipment	1,538	-	-	(307)	1,231
Furniture and office equipment	417	-	-	(68)	349
Other machinery and equipment	-	-	-	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	2,406	-	-	(375)	2,031

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

29.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	173	1,467	1,640	5
Transport assets	-	-	-	-
Computer equipment	173	1,231	1,404	5
Furniture and office equipment	-	236	236	-
Other machinery and equipment	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	173	1,467	1,640	5

29.3 Movement for 2017/18

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	60,096	-	3,326	(2,026)	61,396
Transport assets	30,051	-	960	(741)	30,270
Computer equipment	24,262	-	1,904	(1,264)	24,902
Furniture and office equipment	5,562	-	434	(21)	5,975
Other machinery and equipment	221	-	28	-	249
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	60,096	-	3,326	(2,026)	61,396

29.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	13	-	6,617	-	6,630
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	732	-	732
Disposals	-	(13)	-	(299)	-	(312)
TOTAL MINOR ASSETS	-	-	-	7,050	-	7,050

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-		-	3,108	-	3,108
Number of minor assets at cost	-	-	-	4,476	-	4,476
TOTAL NUMBER OF MINOR ASSETS	-	-	-	7,584	-	7,584

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	74	-	5,960	-	6,034
Prior period error	-	-	-	-	-	-
Additions	-	-	-	747	-	747
Disposals	-	(61)	-	(90)	-	(151)
TOTAL MINOR ASSETS	-	13	-	6,617	-	6,630

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	3,149	-	3,149
Number of minor assets at cost	-	6	-	4,251	-	4,257
TOTAL NUMBER OF MINOR ASSETS	-	6	-	7,400	-	7,406

29.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2019

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	13	-	299	-	312
TOTAL MOVABLE ASSETS WRITTEN OFF	-	13	-	299	-	312

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	61	-	90	-	151
TOTAL MOVABLE ASSETS WRITTEN OFF	-	61	-	90	-	151

30. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1,569	-	-	(1,486)	83
TOTAL INTANGIBLE CAPITAL ASSETS	1,569	-	-	(1,486)	83

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1,569	-	-	-	1,569
TOTAL INTANGIBLE CAPITAL ASSETS	1,569	-	-	-	1,569

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

31. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	380	-	-	-	380
Dwellings	-	-	-	-	-
Non-residential buildings					
Other fixed structures	380	-	-	-	380
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	380	-	-	-	380

31.1 Movement for 2017/18

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	76	-	304	-	380
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	76	-	304	-	380
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	76	-	304	-	380

31.2 Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2019

	Note	Opening balance 1 April 2018	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2019
		R'000	R'000	R'000	R'000
Buildings and other fixed structures	Annex 6	11,886	15,432	27,318	-
Machinery and equipment		-	-	-	-
Intangible assets					
TOTAL		11,886	15,432	27,318	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

AGE ANALYSIS OF ONGOING PROJECTS	Number of projects Planned, construction not started	Number of projects Planned, construction started	2018/19 Total R'000
0 to 1 year	-	2	-
1 to 3 year(s)	-	-	-
3 to 5 years	-	-	-
Longer than 5 years	-	-	-
TOTAL	-	2	-

As at 31 March 2019, all social amenities were completed and are being used by the respective Municipalities.

The accruals and payables not recognised relating to capital WIP, relates to 2 community halls. The construction of the 2 community halls commenced prior to 31 March 2019, and the first payment was made in April 2019.

2018/19 R'000	2017/18 R'000
------------------	------------------

Accruals and payables not recognised relating to

Capital WIP

Social Amenities – 2 community halls	9,175	-
Total	9,175	-

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

Note	Opening balance 1 April 2017	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2018
Annex 6	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	247,634	-	29,913	(265,661)	11,886
Machinery and equipment	-	-	-	-	-
Intangible assets	-	-	-	-	-
TOTAL	247,634	-	29,913	(265,661)	11,886

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

AGE ANALYSIS OF ONGOING PROJECTS	Number of projects Planned, construction not started	Number of projects Planned, construction started	2017/18 Total R'000
0 to 1 year	-	-	-
1 to 3 year(s)	-	-	-
3 to 5 years	-	3	11,886
Longer than 5 years	-	-	-
TOTAL	-	3	11,886

32. Prior period errors**32.1 Correction of prior period errors**

	Note	2017/18		Restated Amount R'000
		Amount bef error correction R'000	Prior period error R'000	
Fruitless and Wasteful Expenditure	26			
Balance as previously reported		948	(381)	567
Net effect		948	(381)	567

Actuarial interest paid to GEFP in respect of employees that took early retirement.

	Note	2017/18		Restated Amount R'000
		Amount bef error correction R'000	Prior period error R'000	
Advances expensed				
Public entities	11.1	-	195,858	195,858
Net effect		-	195,858	195,858

Advance payment(s) made in terms of the Housing code (EHPH) to Ithala DFC Limited in respect of the Military Veterans and Vulindlela housing programme.

	Note	2017/18		Restated Amount R'000
		Amount bef error correction R'000	Prior period error R'000	
Principal-agent arrangements				
Department acting as the principal Ithala DFC Limited	34	-	2,734	2,734
Net effect		-	2,734	2,734

Advance payment(s) made in terms of the Housing code (EHPH) to Ithala DFC Limited in respect of the Military Veterans and Vulindlela housing programme.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	2018/19	2017/18
	R'000	R'000
33. Principal-agent arrangements		
33.1 Department acting as the principal		
Ithala DFC Limited – Military Veterans Housing Programme	-	-
Ithala DFC Limited – Vulindlela Housing Programme	2,652	2,734
Total	2,652	2,734

The Department has a principal agent relationship with Ithala Development Finance Corporation Limited. The Department transferred monies to Ithala DFC Limited in terms the National Housing Code, in specific relation to the Enhanced People's Housing Process policy, to build houses for approved military veterans for the implementation of the military veterans and vulindlela housing programmes, as per the approved subsidy quantum. There are binding agreements between the parties for which Ithala DFC Limited will pay out claims only on certified milestones. The fees payable to Ithala DFC Limited for Military Veterans is 3% of the annual allocation, which will be deducted from the interest earned on the capital balance (to date no management and administration fees were deducted from the interest accrued) and 0.75% of claims paid to Ithala DFC Limited for the Vulindlela housing programme (fees are paid out of the subsidy quantum). Ithala DFC's Limited role in the Enhanced Peoples Housing Process programme is that one of a Community Resource Organisation (financial CRO).

Should the relationship between the Department and Ithala Development Corporation Limited be terminated, there will be no cost implications to the Department.

The resource under the custodianship of the agent is monies kept in an interest bearing account, which will be used to pay out claims approved by the Department.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

34. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION						SPENT				2017/18	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by Department	Amount spent by Department	Under / (Overspending)	% of available funds spent by Department	Division of Revenue Act	Amount spent by Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Human Settlements Development Grant	3,252,757	-	-	-	3,252,757	3,252,757	3,202,307	50,450	98.0	3,678,939	3,678,939	
EPWP Incentive Grant	11,484	-	-	-	11,484	11,484	11,484	-	100.0	5,625	5,625	
Title Deeds Restoration Grant	101,422	-	-	-	101,422	101,422	101,422	-	100.0	-	-	
Total	3,365,663	-	-	-	3,365,663	3,365,663	3,315,213	50,450	98.0	3,684,564	3,684,564	

We hereby certify that all monies allocated to the Department of Human Settlements in respect of the above mentioned grants were deposited in the Department's primary account.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

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				2017/18	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by Municipality	Unspent funds	% of available funds spent by Municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
eThekweni	96,675	-	47,696	144,371	145,350	-	-	145,350	130,342	15,008	89.7	148,449	148,449
Ray Nkonyeni	4,337	-	-	4,337	4,950	-	-	4,950	4,950	-	100.0	6,890	6,890
Msunduzi	8,281	-	8,966	17,247	19,922	-	-	19,922	19,922	-	100.0	40,246	40,246
Alfred Duma	3,377	-	1,354	4,731	2,030	-	-	2,030	2,030	-	100.0	32,027	32,027
Newcastle	7,437	-	1,386	8,823	4,488	-	-	4,488	3,581	907	79.8	7,918	7,918
uMhlatuze	2,213	-	-	2,213	3,272	-	-	3,272	3,272	-	100.0	1,660	1,660
KwaDukuza	6,049	-	1,377	7,426	4,434	-	-	4,434	4,434	-	100.0	13,590	13,590
Ulundi	-	-	-	-	-	-	-	-	-	-	-	361	361
Umdoni	-	-	-	-	-	-	-	-	-	-	-	1,304	1,304
Umuziwabantu	-	-	-	-	-	-	-	-	-	-	-	2,696	2,696
Umshwathi	-	-	-	-	-	-	-	-	-	-	-	896	896
Endumeni	-	-	446	446	446	-	-	446	310	136	69.5	8	8
Ungeni	-	-	718	718	718	-	-	718	-	718	-	-	-
Mpofana	-	-	678	678	678	-	-	678	-	678	-	-	-
Richmond	-	-	2,000	2,000	2,000	-	-	2,000	-	2,000	-	-	-
Inkosi Langalibalele	-	-	32	32	32	-	-	32	32	-	100.0	-	-
Nquthu	-	-	717	717	717	-	-	717	-	717	-	-	-
Uphongolo	-	-	90	90	90	-	-	90	-	90	-	-	-
Abaqulusi	-	-	1,012	1,012	1,012	-	-	1,012	-	1,012	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019Annexure 1A (continued)
Statement of conditional grants and other transfers paid to Municipalities

NAME OF MUNICIPALITY	GRANT ALLOCATION						TRANSFER				SPENT				2017/18		
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by Municipality	Unspent funds	% of available funds spent by Municipality	Division of Revenue Act	Actual Transfer	R'000	R'000	R'000	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	R'000	
Mandeni	-	-	2,219	2,219	2,219	-	-	2,219	-	-	-	-	-	-	-	-	-
Umzimkhulu	-	-	633	633	633	-	-	633	-	-	-	-	-	-	-	-	-
Dr Nkosazane Dlamini Zuma	-	-	439	439	439	-	-	439	-	-	-	-	-	-	-	-	-
Msinga	-	-	229	229	229	-	-	229	-	-	-	-	-	-	-	-	696
Damshauser	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120
Mtubatuba	-	-	5	5	5	-	-	5	-	-	-	-	-	-	-	-	73
Other	150	-	-	150	149	-	-	149	149	-	100.0	105	105	-	-	-	105
TOTAL	128,519	-	69,997	198,516	193,813	-	-	193,813	169,022	24,791	87.2	257,039	257,039	-	-	-	257,039

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

Annexure 1B

Statement of transfers to departmental agencies and accounts

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
KwaZulu-Natal Housing Fund	186,639	-	-	186,639	184,730	99.0	179,955
TOTAL	186,639	-	-	186,639	184,730	99.0	179,955

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

Annexure 1C

Statement of transfers to households

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Project Linked	459,724	-	97,288	557,012	500,982	90.0	643,219
Individuals	64,439	-	(50,000)	14,439	13,028	90.0	17,970
Institutional	49,766	-	(20,610)	29,156	31,819	109.0	54,151
Rural Support	1,316,694	-	125,396	1,442,090	1,455,665	101.0	1,511,305
Emergency Support	180,034	-	-	180,034	166,250	92.0	73,716
Informal Settlements	492,492	-	(225,396)	267,096	292,655	110.0	378,553
Peoples Housing Process	369,064	-	-	369,064	357,868	97.0	428,462
Other	3,808	-	-	3,808	5,164	136.0	4,090
Total	2,936,021	-	(73,322)	2,862,699	2,823,431	99.0	3,111,466

Capital balances outstanding at various entities at 31 March 2019 – R124,766 million (2017/18 - R 236,905 million).

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

Annexure 1D

Statement of gifts, donations and sponsorships received

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
		R'000	R'000
Received in kind			
Rob Kirby Engineers	Game packages	1	-
Tree Cities, Riverside Hotel	Accommodation voucher	-	4
Holiday Inn	Dinner vouchers / Accommodation vouchers	-	3
Mimic Designs	Printing and Design – envelopes and cards	-	1
NHBRC	Vouchers and laptop	10	10
Housing Development Agency	Shopping voucher: Incredible Connection / 3 Mini iPad	2	10
Afro Spice	Printing and Design – invitations and programmes	-	2
iThala Bank	Vouchers	15	11
First National Bank	Key rings / flash drives / power banks	8	-
Hotty's Travel and Tours	Woolworths vouchers	-	1
Stedone Developments	Hard hats and accommodation voucher	5	-
CPW	Printing of programmes	4	-
Terraplan	Sun hats	5	-
Motheo Construction	Portable lights	2	-
Geo Sure	Reflector jackets	9	-
Rock Bottom Design	Envelopes for announcing winners	1	-
Master Builders Association	Hamper / Luggage sets / Power Banks	1	5
Vodacom	Gift sets / T/shirts and cellular phones accessories	1	1
Tongaat Hullets	Pocket note books / Gift bags	-	50
Natal Portland Cement	Business coaching vouchers	15	-
Aha Hotels	Accommodation voucher	1	-
Protea Hotel	Accommodation and breakfast vouchers	2	-
Tourvest	Vouchers	30	-
Minrat Construction	Laptop bags / Mini Tablets	2	6
Leucor Enterprises	GMA branded key rings	-	4
Hilton Hotel	Bed and Breakfast vouchers	1	3
Total		115	111

The above gifts were received from various sponsors for the provincial Govan Mbeki Awards.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

Annexure 1E**Statement of gifts, donations and sponsorships made and remissions, refunds and payments made as an act of grace**

NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
	R'000	R'000
Made in kind		
Furniture – 2 families OSS beneficiaries – Mandela month	34	-
Furniture for OSS beneficiaries – MEC handover	77	-
Summit – prayer on moral regeneration issues between men and women	100	-
Hire of transport and catering for the Organisation of Women's function – youth unemployment	50	-
Furniture for OSS beneficiaries – MEC handover	98	-
Furniture for OSS – 45 beneficiaries	-	23
Furniture for OSS – 30 beneficiaries	-	58
Woman of Wisdom Annual Conference - catering equipment	-	67
SOFIA - Hosting dialogue against alcohol and substance abuse against youth and women	-	93
Donation of furniture - Gogo SF Ngwenya - Premier's programme - women's day commemoration	-	18
Total	359	259

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

Annexure 2

Statement of contingent liabilities as at 31 March 2019

Nature of Liability	Opening Balance	Liabilities incurred during the year	Liabilities paid /cancelled / reduced during the year	Liabilities recoverable	Closing Balance
	1 April 2018				31 March 2019
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Breach of contract	73,055	-	(683)	-	72,372
Services rendered	43,888	-	-	-	43,888
Arbitration	6,052	1,689	(5,394)	-	2,347
Staff grievances	292	-	(292)	-	-
TOTAL	123,287	1,689	(6,369)	-	118,607

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

Annexure 3

Claims recoverable

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	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								
IPID	-	9	-	-	-	9	-	-
TOTAL	-	9	-	-	-	9	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

Annexure 4

Inter-government payables

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2018/19	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Current								
Transport - KZN	-	26	31	28	31	54	-	-
Justice and Constitutional Development	2	657	8	-	10	657	29/03/2019	64
Public Works - KZN	441	2,930	84,955	46,919	85,396	49,849	-	-
Government Printing Works	2	1	1	-	3	1	-	-
Office of the Premier – KZN	8	-	-	-	8	-	-	-
GEPP	-	3,360	-	320	-	3,680	-	-
Human Settlements - National	-	451	-	-	-	451	-	-
TOTAL	453	7,425	84,995	47,267	85,448	54,692	-	64

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

Annexure 5**Inventories**

Inventories	2018/19 R'000	2017/18 R'000
Opening balance	1,020,878	239,826
Add: Adjustments to prior year balance	-	88,529
Add: Purchases - Cash	2,607,170	2,961,539
Less: Issues (completed units)	(2,160,139)	(2,269,016)
Closing balance	1,467,909	1,020,878

Inventory relates to incomplete low income houses at various stages (milestones) of completion.

The milestones are, namely:

- slabs;
- wallplates;
- roof; and
- completions.

Work-in-progress will only be accounted for when a milestone has been completed, verified and paid for upto and including the roof level.

Once the completion milestone has been verified and paid for, the incomplete unit will move from WIP to completed unit.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

Annexure 6**Movement in capital work in progress****MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	11,886	15,432	(27,318)	-
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	11,886	15,432	(27,318)	-
TOTAL	11,886	15,432	(27,318)	-

All work-in-progress at 1 April 2018 was completed during the year and handed over to the respective Municipalities for use.

In February 2019, the construction of 2 community halls commenced, both of which will be completed and handed over to the respective municipalities before 31 March 2020.

The first payment against the 2 community halls was made in April 2019.

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	247,634	-	29,913	(265,661)	11,886
Dwellings	8,651	-	-	(8,651)	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	238,983	-	29,913	(257,010)	11,886
TOTAL	247,634	-	29,913	(265,661)	11,886



PART F:

FINANCIAL INFORMATION

KWAZULU-NATAL HOUSING FUND

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature on the Housing Fund

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Housing Fund set out on pages 239 to 264, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Housing Fund as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP).

Basis for opinion

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

Emphasis of matter

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

Material impairment

7. As disclosed in note 6 to the financial statements, a material impairment of receivables from exchange transactions amounting to R77,88 million (2018: R90,34 million) was recognised as the recoverability of these amounts were doubtful.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the Housing Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

12. The fund is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the Public Finance Management Act of South Africa, 1999 (Act no. 1 of 1999) and such reporting is not required in terms of the fund's specific legislation.

Report on the audit of compliance with legislation

Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the fund with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
14. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA

Other information

15. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
16. My opinion on the financial statements and findings on the compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
17. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
18. The other information I obtained prior to the date of this auditor's report is the report of the accounting officer to the executive authority. The audit committee's report is expected to be available to me after 31 July 2019.
19. If, based on the work I have performed on the other information I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.
20. When I do receive and read the audit committee's report, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Auditor General

Pietermaritzburg

15 August 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and on the fund’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Housing Fund’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the related safeguards.

GENERAL INFORMATION

NAME	KwaZulu-Natal Housing Fund
PHYSICAL ADDRESS	Old Mutual Building 203 Church Street Pietermaritzburg 3201
POSTAL ADDRESS	Private Bag X9157 Pietermaritzburg 3201
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	<ul style="list-style-type: none"> • Is to maintain the properties that are owned by the KwaZulu-Natal Housing Fund; • Is to dispose of its properties, by: <ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> • 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

Programme 4: Housing Asset 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 eThekweni 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 Asset Management, Property Management					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Fast-track the implementation of the Title Deeds Restoration Programme (prior to 01 April 1994) Approved Implementation Plan for the Title Deeds Restoration Programme (Prior to 01 April 1994) reviewed annually	-	1	1	-	Target has been achieved.

Programme 4: Housing Asset Management, Property Management					
Strategic objectives	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
<p>Fast track the devolution of properties of the KwaZulu-Natal Housing Fund to municipalities in terms of section 15 of the Housing Act, 1997</p> <p>Approved Implementation Plan for the Devolution of the KwaZulu-Natal Housing Fund properties to the municipalities in terms of section 15 of the Housing Act, 1997 reviewed annually</p>	-	1	1	-	Target has been achieved.

Performance indicators

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of Pre-1994 title deeds issued	655	525	779	9,225	875	(8,350)	Target set was unrealistic and in line with TRP funds ring-fenced for the issue of title deeds. 1) Delays by the Msunduzi Municipality in the issuing of rates clearance certificates. 2) Resistance by communities to take ownership of properties through sectional title schemes due to issues on maintenance, rectification and the payment of levies. 3) Poor performance of Conveyancers.
Number of rental units sold to beneficiaries	-	-	232	458	239	(219)	Rental properties consist of blocks of flats which are to be sold by sectional title. There is resistance by communities to take ownership of properties through sectional title schemes due to issues on maintenance, rectification and concerns over the taking on of additional expenditure e.g. levy, rates and maintenance payments.

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Number of debtors reduced per financial year	-	-	222	560	405	(155)	The number of debtors reduced is linked to the number of rental units sold. Only once the number of rental units sold increases (above APP), will the number of debtors balances reduced on the Debtors System increase.
Number of units maintained	3,025	1,985	968	770	1,030	260	Target has been exceeded.
Number of units rectified for Pre-1994 stock	2,094	993	669	764	480	(284)	The under-performance is due to works at eThekweni Municipality projects not proceeding as projected due to two contracts having expired and funds not being tranced as projected.
Number of Land Parcels devolved to Municipalities in terms of Section 15 of the Housing Act, 1997	-	-	-	62	18	(44)	1) Delays due to the receipt of rates clearance certificates. 2) Delays on the part of municipalities to provide council resolutions. 3) Slow conveyancing process since the panel of conveyancers not yet appointed by DOHS.

Strategy to overcome areas of under performance

Underlying land issues and township establishment delays caused under-delivery in the issuing of title deeds. 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 OF THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND KWAZULU-NATAL PROVINCIAL LEGISLATURE

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 2021) 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).

Scopa resolutions

There were no Scopa resolutions applicable to the KwaZulu-Natal Housing Fund.

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 239 to 264 have been approved by the Acting Accounting Officer.



Mr. M.O.S. Zungu
Acting Accounting Officer
KwaZulu-Natal Housing Fund
Date: 31 July 2019

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000 RESTATED
REVENUE	2	12 632	36 378
OTHER REVENUE	3	197 182	189 883
TOTAL REVENUE		209 814	226 261
EXPENDITURE	4	304 089	321 165
NET DEFICIT FOR THE YEAR		(94 275)	(94 904)
TRANSFERRED TO ACCUMULATED FUNDS		94 275	94 904
		-	-

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000 RESTATED
ASSETS			
Current assets		11 874	12 660
Inventory	4.5 / 18	2 435	2 543
Receivables from Exchange Transactions	6	4 100	4 778
Receivables from Non-Exchange Transactions	7	5 339	5 339
Non-current assets		808 884	882 324
Land and Buildings	5 / 16	808 884	882 324
TOTAL ASSETS		820 758	894 984
LIABILITIES			
Current liability		7 060	5 944
Payables from Exchange Transactions	8	5 616	4 862
Payables from Non-Exchange Transactions	9 / 17.2	1 444	1 082
TOTAL LIABILITY		7 060	5 944
NET ASSETS		813 698	889 040
Represented by:		813 698	889 040
Accumulated Funds	16	40 583	51 860
Non - Distributable Reserve	16	773 115	837 180
TOTAL		813 698	889 040

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2019

	Note	Revaluation Reserve R'000	Accumulated Surplus R'000	Total Net Assets R'000
Accumulated Funds				
Balance at 31 March 2017		847 089	62 354	909 443
Fundamental error - deleted property				
- adjustment for revaluation	13	(78)	(46)	(124)
- adjustment for depreciation		(46)	46	-
Prior year adjustment	16	-	(135)	(135)
Restated balance at 31 March 2017		846 965	62 219	909 184
Transfer of receipts from closed accounts	12	-	3	3
Net deficit for the year transferred from statement of financial performance		-	(94 904)	(94 904)
Revaluation adjustment	13	(9 785)	84 542	74 757
Take-on of new properties		34 050	-	34 050
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve		(13 621)	13 621	-
Current year impairments	5	40 707	-	40 707
Transfer of revaluation reserve realised on sale of properties		(70 921)	70 921	-
Restated balance at 31 March 2018		837 180	51 860	889 040
Transfer of receipts from closed debtor accounts	12	-	341	341
Transfer of unallocated balances from LI and PO suspense accounts	12	-	(534)	(534)
Net deficit for the year transferred from statement of financial performance		-	(94 275)	(94 275)
Revaluation adjustment	13	(64 065)	83 191	19 126
Take-on of new properties		15 593	-	15 593
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve		(13 477)	13 477	-
Impairments for the current year		(233)	-	(233)
Impairments reversed	5	3 766	-	3 766
Transfer of revaluation reserve realised on sale of properties		(69 714)	69 714	-
Balance at 31 March 2019		773 115	40 583	813 698

CASH FLOW STATEMENT
for the year ended 31 March 2019

	2018/19	2017/18
Note	R'000	R'000
		RESTATED
CASH FLOW UTILISED FOR OPERATING ACTIVITIES		
Receipts		
Debtors		
- Sold	1 185	335
- Rental	936	929
- Individual Loan	9	18
- Transfers received from Department of Human Settlements	3 184 730	179 954
Expenditure		
Payments		
- Commission on post office receipts	4 (33)	(60)
- Funded by Department of Human Settlements	3 (184 644)	(179 954)
- Rates written off - (EEDBS)	(67)	(1 265)
- Recoverable rates	(1 968)	(865)
- Refunds	-	(12)
Net cash flows from operating activities	11 148	(920)
NET CASH FLOW FROM INVESTING ACTIVITIES	(193)	3
(Decrease) / increase in Accumulated Funds	(193)	3
NET CASH FLOW FROM FINANCING ACTIVITIES	45	917
Decrease / (increase) in clearing accounts	6.1 27	(24)
Increase in Department of Human Settlements	9 18	941
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 2019

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.

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

Receivables from exchange transactions

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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2019

Receivables from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from Department of Human Settlements

Revenue from the Department is assistance by the Department in the form of transfer of resources in return for compliance with conditions relating to operating activities. Revenue is recognised on a systematic basis over periods necessary to match the related costs.

1.6 Expenditure**1.6.1 Compensation of employees****1.6.1.1 Salaries and wages**

Salaries and wages are recognised in the statement of financial performance on the accrual basis.

1.6.1.2 Social contributions

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

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 accrual basis.

1.6.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies) is recognised in the statement of financial performance on the accrual basis.

1.7 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.

1.8 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 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.

1.9 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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2019

1.10 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the annual 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 annual 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.

1.11 Irregular expenditure

Irregular expenditure is recorded in the notes to the annual 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.

Assets**1.12 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.

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, it's 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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2019

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.

An impairment test is 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

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.

1.13 Prepayments and advances

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

1.14 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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2019

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 the Statement of Financial Performance.

Liabilities

1.15 Accruals and payables

Accruals and payables are recognised and recorded in the annual financial statements when the goods are received or, in the case of services, when they are rendered to the fund or in the case of transfers and subsidies when they are due and payable. Accruals and payables recognized, are measured at cost.

However the accruals and payables are not discounted where the initial credit period granted is consistent with the terms used in the public sector.

1.16 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.

1.17 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.

1.18 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, in 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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2019

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.

1.19 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.

1.20 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.

These debtors are in respect of sales of individual properties where the monthly repayment is over a 30 year period. Ownership is transferred on repayment of the loan in full.

Net Assets

1.21 Accumulated Funds

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

1.22 Non-Distributable Reserve

Non-distributable reserves comprise revaluations to immovable property.

1.23 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 2019

		2018/19	2017/18
	Note	R'000	R'000
			RESTATED
2	Revenue		
	Revenue from exchange transactions		
	Admin fees received - individual loan debtors	-	1
	- finance leases (suspensive sale debtors)	9	6
	Interest received - individual loan debtors	20	245
	- finance leases (suspensive sale debtors)	9 527	32 850
	Rent received from rental debtors	3 076	3 276
	Total	12 632	36 378
3	Other Revenue		
	Revenue from non-exchange transactions		
	Transfers received from Department of Human settlements	17.1 184 730	179 954
	Decrease in provision for doubtful debts	12 452	9 929
	Total	197 182	189 883
4	Expenditure		
4.1	Funded by the KwaZulu-Natal Housing Fund	118 561	136 582
	Commissions paid on post office receipts	33	60
	Depreciation - buildings	5 14 305	14 608
	Devolution - debtors and properties	4 674	-
	EEDBS - capital adjustments / rebates / writeoffs	22 990	42 958
	Induplum interest write back	5 165	9 460
	Loss on sale of land and Buildings	71 388	69 382
	Subsidies given to debtors on receipt of instalments	6	114

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	2018/19	2017/18
Note	R'000	R'000
		RESTATED
4.2 Funded by the Department of Human settlements and accruals	185 528	184 583
Compensation of employees		
Salaries and wages		
Basic salary	26 753	25 270
Performance awards	511	337
Service Based	177	154
Compensative / circumstantial	285	316
Other non-pensionable allowances	5 022	4 590
Total	32 748	30 667
Social Contributions		
Employer contributions		
Pension	4 259	2 796
Medical	2 095	1 992
Bargaining council	10	9
Total	6 364	4 797
Total compensation of employees	39 112	35 464
Goods and services		
Advertising	142	20
Audit fees	1 874	2 285
Catering	16	14
Communication	-	9
Computer services	674	596
Consultants, contractors and agency/outsourced services	1 891	1 000
Interest paid	269	12
Inventory	678	1 201
Property payments	37 566	42 112
Travel and subsistence	406	248
Other operating expenditure	600	74
Total	44 116	47 571

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000 RESTATED
Payment for financial assets		-	50
Transfers and subsidies			
Provinces and municipalities	4.7	59 941	64 299
Households	4.8	42 359	37 199
Total		102 300	101 498
Total expenditure		304 089	321 165
4.3 Computer services			
External computer service providers		674	596
4.4 Consultants, contractors and agency/outsourced services			
Legal costs		273	157
Contractors		1 618	843
Total		1 891	1 000
4.5 Inventory			
Opening balance		2 543	2 748
Other consumables		-	396
Materials and supplies		570	600
Closing balance		(2 435)	(2 543)
Total		678	1 201
4.6 Property payments			
Municipal services and levies		29 688	31 961
Property maintenance and repairs		7 878	10 151
Total		37 566	42 112
4.7 Provinces and municipalities			
Property maintenance and rectification		36 048	51 996
Title Deeds Restoration Programme		10 958	-
Rates and taxes		12 935	12 303
Total		59 941	64 299
4.8 Households			
Employee benefits		217	72
Rectification		42 142	37 127
Total		42 359	37 199

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

5. Property, plant and equipment

	Cost/ Valuation R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Carrying Value R'000
2019				
Land	490 954	-	-	490 954
Buildings	457 571	(93 007)	(46 634)	317 930
	948 525	(93 007)	(46 634)	808 884
2018				
Land	517 116	-	-	517 116
Buildings	511 518	(92 679)	(53 631)	365 208
	1 028 634	(92 679)	(53 631)	882 324

Reconciliation of property, plant and equipment

	Opening Balance	Additions	Disposal	Impairments Reversed	Revaluations	Depreciation	Total
2019							
Land	517 116	4 982	(31 144)	-	-	-	490 954
Buildings	365 208	12 346	(48 852)	3 766	-	(14 305)	317 930
	882 324	17 328	(79 996)	3 766	-	(14 305)	808 884
2018							
Land	517 116	532 924	9 238	-	-	-	517 116
Buildings	365 208	363 439	28 139	40 707	-	(14 608)	365 208
	882 324	896 363	37 377	40 707	-	(14 608)	882 324

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 01 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000 RESTATED
6 Receivables from exchange transactions			
Clearing accounts	6.1	-	27
Rental debtors	6.2	41 206	43 941
Suspensive sale debtors	6.3	40 778	51 147
Less: provision for doubtful debts	3	(77 884)	(90 337)
Total		4 100	4 778
6.1 Clearing Accounts			
LI Suspense		-	(116)
Post Office		-	143
Total		-	27
6.2 Rental debtors	22.2	41 206	43 941
These debtors are in respect of rentals owing by individuals on properties rented.			
6.3 Suspensive sale debtors	22.2	40 778	51 147
Individual loans		13	181
Sold properties		40 765	50 966

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 5, 165 m

6.3.3 Enhanced extended discount benefit scheme (EEDBS)

The KwaZulu-Natal Housing Fund has embarked on a drive to promote the EEDBS policy. This policy encourages the debtors to take advantage of the said policy. This policy is directed at indigent people and it also promotes home ownership.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	2018/19	2017/18
Note	R'000	R'000 RESTATED
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	2 258	2 948
Later than 1 year and not later than 5 years	9 031	11 791
Later than 5 years	238	5 145
	11 527	19 884
Unearned future finance income	(4 689)	(7 422)
Net investment in finance leases	6 838	12 462
6.4		
Financial assets by category		
Financial instrument at amortised cost		
Rental debtors	2 060	2 197
Suspensive sale debtors	2 040	2 554
Total	4 100	4 751
7		
Receivables from non-exchange transactions		
Provincial Revenue Fund	5 339	5 339
8		
Payables from exchange transactions		
Trade Creditors	5 434	4 657
Debtors' Credit Balances	182	205
Total	5 616	4 862
9		
Payables from non-exchange transactions	10 / 17.2	1 444
Department of Human Settlements		1 082
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.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000 RESTATED
10 Financial Liability by category			
Financial instrument at amortised cost			
Trade creditors	8	5 434	4 657
Debtors' Credit balances	8	182	205
Department of Human Settlements	9	1 444	1 082
Total		7 060	5 944
11 Reconciliation of net cash flows from operating activities:			
Deficit		(94 275)	(94 904)
Non - cash movements			
Revenue			
Admin fees received		(9)	(7)
Rent received from rental debtors		(3 076)	(3 276)
Interest received on suspensive sale and individual loan debtors		(9 547)	(33 095)
Decrease in provision for doubtful debts		(12 452)	(9 929)
		(119 359)	(141 211)
Expenditure			
Increase in trade creditors		777	4 427
Depreciation		14 305	14 608
Devolution - debtors and properties		4 674	-
EEDBS - capital adjustments / rebates / writeoffs		22 922	41 675
Induplum interest write back		5 165	9 460
Loss on sale of land and buildings		71 388	69 382
Decrease in inventory		108	206
Subsidies given to debtors on receipt of instalments		6	114
		(14)	(1 339)
Cash receipts and expenditure			
Receipts from debtors		2 130	1 283
Recoverable expenditure relating to debtors		(1 968)	(864)
Net cash flows from operating activities		148	(920)
12 Accumulated Funds		(193)	3
12.1 Debtors' with credit balances and LI suspense and PO suspense accounts, written-off against accumulated funds.			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	2018/19	2017/18
Note	R'000	R'000 RESTATED
13 Non-Distributable Reserve		
Revaluation of land and buildings		
Restated balance	837 180	847 089
Prior year adjustment / Fundamental error -		
- properties deleted	-	(124)
Balance at beginning of year	837 180	846 965
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve	(13 477)	(13 621)
Take-on of new properties	15 593	34 050
Transfer of revaluation reserve realised on sale of properties	(69 714)	(70 921)
Impairments on revalued portion of buildings	(233)	-
Impairments reversed on revalued portion of buildings	3 766	40 707
	773 115	837 180
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 (3 385)	(4 728)
The prior year adjustment arose as a result of the induplum write back.		
15 Commitments		
Current expenditure		
Approved and contracted for	299	1 107
Approved and not contracted for	-	209
	299	1 316
Capital expenditure		
Approved and contracted for	3 661 946	3 735 021
Approved and not contracted for	-	36 019
	3 661 946	3 771 040
Total commitments	17.3 3 662 245	3 772 356

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	2018/19	2017/18
Note	R'000	R'000
		RESTATED
16 Correction of Prior Period Error		
Accumulated Funds		52 844
Balance as previously reported		
Fundamental error:		
- decrease - induplum interest write back - previous year		(693)
- prior year		(2 692)
- increase - adj to provision for doubtful debts - previous year		659
- prior year		2 557
- reversal of depreciation - deleted properties		50
- release of depreciation - deleted properties		(50)
Additional expenditure - goods and services		(811)
- transfers and subsidies		(4)
Balance as currently reported		51 860
Receivables from Exchange Transactions		
Balance as previously reported		4 947
Fundamental error - decrease - induplum interest addback		(3 385)
- increase - adj to provision for doubtful debts		3 216
Balance as currently reported	6	4 778
Provision for doubtful debts		
Balance as previously reported		(93 553)
- decrease - adj to provision for doubtful debts - previous year		659
- prior year		2 557
Balance as currently reported	6	(90 337)
Revaluation reserve		
Balance as previously reported		837 300
- reversal of revaluation on deleted property		(170)
- reversal of depreciation on deleted property - previous year		4
- reversal of depreciation on deleted property - prior years		46
Balance as currently reported		837 180

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	2018/19	2017/18
Note	R'000	R'000 RESTATED
PPE - Land and Buildings		
		882 444
		(120)
		<u>882 324</u>
	5	
Payables from exchange transactions		
		4 047
		815
		<u>4 862</u>
	8	
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.		
PPE and Revaluation reserve		
The fundamental error arose as a result of performing a completeness test at 31 March 2019. The test revealed that one (1) property had to be deleted.		
The said amendment was done retrospectively.		
Payables from exchange transactions.		
The error arose as a result of performing the completeness test on 17/18 accruals.		
17	Related party transactions	
	The following related parties were identified	
17.1	Value of the Transactions	<u>184 730</u> <u>179 954</u>
	3	
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	<u>1 444</u> <u>1 082</u>
	9	

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	2018/19	2017/18
Note	R'000	R'000
		RESTATED
17.3 Commitments	15	3 662 245
		3 772 356

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.

17.5 Shared Services

Class of management	No of individuals		
- Programmes 1,2 & 3 - level 15 to 16	3	296	490
- level 14	2	703	668
- other	129	5 563	4 220
		6 562	5 378

The Department of Human settlements provides administrative and management services to the KwaZulu-Natal Housing Fund. The cost of R 6,562 m (2018 - R 5,378 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.

18 Inventory

Opening balance	2 543	2 748
Add: purchases	570	996
Less: issues	(678)	(1 201)
Closing balance	2 435	2 543

Inventory comprises of building and maintenance materials.

19 Fruitless and Wasteful Expenditure

Opening balance	-	-
Add: fruitless expenditure - relating to the current year	269	-
Less: condoned	-	-
Closing balance	269	-

Relates to interest paid on unpaid levies.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

	2018/19	2017/18
Note	R'000	R'000
		RESTATE
20 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening balance	22 187	22 187
Add: irregular expenditure - relating to the current year	522	-
Less: condoned	-	-
Irregular expenditure awaiting condonation	<u>22 709</u>	<u>22 187</u>
Details of irregular expenditure		
Incident		
Deviation from calling of bids and tax clearance certificates	<u>22 709</u>	<u>22 187</u>
21 Contingent Liabilities		
Contractual Dispute	<u>1 057</u>	<u>-</u>
22 Risk Management		
22.1 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 2019

22.2 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	2018/19 R'000	2017/18 R'000 RESTATED
Trade receivables from exchange transactions - rentals	Low	41 206	43 941
Suspensive sale debtors	Low	40 778	51 147
Receivables from exchange transactions	6	81 984	95 088

The collectivity of these receivables at considered to be low:

- most of the debtors are indigent;
- downturn in the country'
- difficulty in estimating the monthly payments of the indigent debtors and those debtors that applied for EEDBS;

Aging of receivables from exchange transactions

–Due not later than 1 year	9 497	11 113
–Due later than 1 year and not later than 3 years	7 518	9 938
–Due later than 3 years	64 969	74 037
	81 984	95 088

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

22.3 Interest Rate Risk

Interest rate risk results from the cash flow and financial performance uncertainty arising from interest rate fluctuations.

The Fund's exposure to the risk of changes in the market interest rate relates primarily to the Fund's loans and receivables from exchange transactions. The objective of managing interest rate risk management is to safeguard the Fund's assets whilst still enabling fulfillment of the Fund's mandate. The objective of interest rate risk management is to consider the effect of fluctuations in interest rates that might affect the fair value or future cash flows of a financial instrument. The Fund's exposure to interest rate risk arises from increases in the rate that could give rise to default of the counterparty.

22.4 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.

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.

	R'000	R'000	R'000
	Less than 1 year	Between 1 and 2 years	Total
2019			
Trade and other payables	5 616	-	5 616
2018			
Trade and other payables	4 862	-	4 862

23. 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 2019, 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.

Furthermore there are no factors that are contrary to our evaluation. There is no intention for the Fund to be liquidated or cease operations.

There is no significant doubt that the Fund will continue to exist at this stage. The Statement of Financial Position and the property portfolio of the fund continues to reflect a positive net asset current ratio.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

24 Budget vs Actual

24.1 Comparison of Budget to Actuals

Economic classification	2018/19				2017/18	
	Final Appropriation	Actual expenditure on cash basis	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure on cash basis
	R'000	R'000	R'000	%	R'000	R'000
Current	86 503	81 371	5 132	1%	90 283	79 380
Compensation of employees	39 638	39 039	599	-	35 231	35 346
Goods and services	46 865	42 063	4 802	89,8%	55 052	44 034
Interest	-	269	(269)	-	-	-
Transfers & subsidies	100 136	103 359	(3 223)	103,2%	107 158	100 525
Provinces & municipalities	60 416	60 284	132	99,8%	107 087	64 042
Households	39 720	43 075	(3 355)	108,4%	71	36 483
Payment for financial assets	-	-	-	-	-	50
Financial transactions in assets and liabilities	-	-	-	-	-	50
Total	186 639	184 730	1 909	1%	197 441	179 955

Explanation of variance

The under spent mainly in respect of the title deeds restoration programme due to slow issuing of rate clearance certificates by municipalities, township establishment processes taking longer than anticipated, as well as the high rate of illegal occupancy resulting in delays in the formalisation process. In this regard, the department established that units were occupied by new people, and the people who were originally allocated accommodation are no longer living there. This means that the department must ensure that there are agreements with the new occupants.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

24.2 Reconciliation of actual amounts on a comparable basis (Cash basis) and actual amounts on accrual basis

Economic classification	2018/19			2017/18		
	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
	R'000	R'000	R'000	R'000	R'000	R'000
Current	81 371	1 857	83 228	79 380	3 655	83 035
Compensation of employees	39 039	73	39 112	35 346	118	35 464
Goods and services	42 063	1 784	43 847	44 034	3 537	47 571
Interest	269	-	269	-	-	-
Transfers & subsidies	103 359	(1 059)	102 300	100 525	973	101 498
Provinces & municipalities	60 284	(343)	59 941	64 042	257	64 299
Households	43 075	(716)	42 359	36 483	716	37 199
Payment for financial assets	-	-	-	50	-	50
Financial transactions in assets and liabilities	-	-	-	50	-	50
Total	184 730	798	185 528	179 955	4 628	184 583

24.3 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 01 April 2018 to 31 March 2019.

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

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL

Head Offices

Old Mutual Building
203 Church Street
Pietermaritzburg
3201

Eagle Building
353–356 Dr Pixley KaSeme Street
Durban
4000

Private Bag X9157
Pietermaritzburg
3201

Private Bag X54367
Durban
4000

Telephone: +27 33 – 392 6400
Fax: +27 33 – 392 6454
Email: info@kzndhs.gov.za
Website: www.kzndhs.gov.za

Telephone: +27 31 – 336 5300
Fax: +27 31 – 336 5338

Regional Offices

Coastal Region

Eagle Building
353–356 Dr Pixley KaSeme Street
Durban
4000

Telephone: +27 31 – 319 3600

Inland Region

199 Pietermaritz Street
Pietermaritzburg
3201

Telephone: +27 33 – 845 2000

Northern Region

Legislative Administration Building
King Dinuzulu Highway
Ulundi
3838

Telephone: +27 35 – 874 2697

PR No.: 90/2019
ISBN: 978-0-621-47206-6