



human settlements

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL

ANNUAL REPORT **2017/18 FINANCIAL YEAR**

VOTE 8





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VOTE NO. 8

ANNUAL REPORT 2017/18 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	39
9. Entities reporting to the MEC	39
PART B: PERFORMANCE INFORMATION	41
1. Auditor-General's Report: Predetermined Objectives	42
2. Overview of Departmental Performance	42
2.1. Service Delivery Environment	42
2.2. Service Delivery Improvement Plan	42
2.3. Organisational Environment	43
2.4. Key policy developments and legislative changes	44
3. Strategic Outcome Oriented Goals	45
4. Performance Information per Programme	47

Table of Contents	Page
4.1. Programme 1: Administration	47
4.2. Programme 2: Housing Needs, Research and Planning	50
4.3. Programme 3: Housing Development	53
4.4. Programme 4: Housing Asset Management, Property Management	62
5. Transfer Payments	66
5.1. Transfer payments to public entities	66
5.2. Transfer payments to public corporations and private enterprises	66
5.3. Transfer payments to all organisations other than public entities	66
6. Conditional Grants	68
6.1. Conditional grants and earmarked funds received	68
7. Donor Funds	69
7.1. Donor funds received	69
8. Capital Investment	69
8.1. Capital investment, maintenance and asset management plan	69
PART C: GOVERNANCE	71
1. Introduction	72
2. Risk Management	73
3. Fraud and Corruption	74
4. Minimising Conflict of Interest	75
5. Code of Conduct	76
6. Health Safety and Environmental Issues	77
7. Portfolio Committees	78

Table of Contents	Page
8. SCOPA Resolutions	88
9. Prior Modifications to Audit Reports	95
10. Internal Control Unit	96
11. Internal Audit and Audit Committees	97
12. Report of the Audit and Risk Committee on Vote 8 - Department of Human Settlement	98
PART D: HUMAN RESOURCE MANAGEMENT	103
1. Introduction	104
2. Overview of Human Resources	104
3. Human Resources Oversight Statistics	106
PART E: FINANCIAL INFORMATION: VOTE 8	139
1. Report of the Auditor-General	140
2. Annual Financial Statements	146
PART F: FINANCIAL INFORMATION: KWAZULU-NATAL HOUSING FUND	227
1. Report of the Auditor-General	228
2. Annual Financial Statements	238



A human settlement development at Signal Hill, Pietermaritzburg

PART A:

GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS / ACRONYMS

ACTT	Anti-Corruption Task Team	AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa	AO	Accounting Officer
APP	Annual Performance Plan	AR	Annual Report
ASGISA	Accelerated and Shared Growth Initiatives for South Africa	BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment	BNG	Breaking New Ground
CBD	Central Business District	CETA	Construction Education and Training Authority
CFO	Chief Financial Officer	CG	Conditional Grant
CIDB	Construction Industry Development Board	CIP	Comprehensive Infrastructure Plan
COGTA	Cooperative Governance and Traditional Affairs	COP	Community of Practice
CRU	Community Residential Unit	DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution	DHS	Department of Human Settlements
DLA	Department of Land Affairs	DMV	Department of Military Veterans
DORA	Division of Revenue Act	DPSA	Department of Public Service and Administration
DTT	Departmental Task Team	EAAB	Estate Agency Affairs Board
EEDBS	Enhanced Extended Discount Benefit Scheme	EPRE	Estimates of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme	FET	Further Education and Training
FLISP	Finance Linked Individual Subsidy Programme	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 Plan
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
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 Mr R.R. Pillay, MPL

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

This report, being tabled in the Nelson Mandela centenary, is introduced by a quote of inspiration often stated and personally proven to be correct by our legend and icon: “When people are determined they can overcome anything”. This quote served as a motto for the KwaZulu-Natal Department of Human Settlements.

Financial constraints, the moving target of the second highest housing backlog in the country and the ever-increasing effects of urbanisation served not to end but to fuel the Department’s determination in order to effectively respond to the housing needs of the people of KwaZulu-Natal. The achievement of being acknowledged as the “Best Performing Province”, in terms of the delivery of human settlements for an unprecedented fourth consecutive year at the National Govan Mbeki Awards, further ignited the will and enthusiasm to deliver. This was the result of strong, persistent and determined leadership and a loyal, focussed and selfless workforce geared towards overcoming persistent and emerging challenges by utilising innovative interventions.

The enclosed data on performance shows a Department steadfast in its compliance with Outcome 8 principles in respect of an improved quality of life for all. The spread of housing opportunities shows a Department that is intent to provide comfort and dignity to not only the poor. The development goalposts have been shifted to highlight the urban development agenda well.

The Department ensures that its performance and interventions are all geared towards partnerships, innovation and delivery. These have realised outcomes in this reporting period which further stamp the Department as not merely the provider of housing structures but of sustainable human settlements. Communities in Projects now have access to sports fields, community halls, crèches, small business and multi-purpose centres.

The Department continues to ensure that all its activities are geared towards radical economic transformation. Guided by the 2017 Preferential Procurement Framework which gives direction

through pre-qualification measures to be utilised to target companies owned by Historically Disadvantaged Individuals, the Department is expected to adhere to the condition of 30% allocation of the Human Settlements Development Grant to women and youth contractors.

The outcomes of the 2017/18 financial year provides tangible proof of a Department hard at work as all its business units are working together to ensure a “better life for all”. I appreciate the work done by the Head of Department, staff and all partners in implementing a plan of action which includes quality as a foundation, walled by integrity and pride and cemented by sheer **determination**.



.....
Honourable Mr Ravigasen Ranganathan Pillay, MPL
MEC for Human Settlements and Public Works
KwaZulu-Natal
Date: 31 July 2018

4. REPORT OF THE ACCOUNTING OFFICER



Mr. M. O. S. Zungu

*Acting Accounting Officer
KZN Human Settlements*

Overview of the operations of the Department

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 (EHP) which is part of a national initiative and which provides for community / beneficiary involvement in the construction of their houses. Since 2014, **12,652** houses were built through this process.

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 that 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 **38,302 housing opportunities** in the form of completed houses, serviced sites, title deeds, rectification and maintenance of government-owned stock in the 2017/18 financial year.

The actual delivery per subsidy instrument is as follows:

Human Settlements Programme	Other	Sites	Units
Integrated Residential Development Programme		1,702	1,533
Informal Settlement Upgrading		2,676	2,972
Housing Finance Linked Individual Subsidies [R3,501 - R15,000]		1,902	377
People's Housing Process			2,943
Emergency Housing Assistance (OSS)			503
Community Residential Units			108
Institutional Subsidies			558
Rural Housing: Communal Land Rights			11,237
Rectification And Refurbishment	2,414		
Number Of Title Deeds Issued	8,409		
Maintenance	968		
Total	11,791	6,280	20,231
Total Housing Opportunities			38,302

Our policies and programmes have therefore impacted positively on the lives of **37,597 families** in the 2017/18 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.

It is noteworthy that we have delivered **726,988** houses and sites since 1994. We remain steadfast in our commitment to provide the maximum tangible return from our allocated budgets during each year.

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 has 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 R4, 066 billion. During the year, the Department received an additional allocation totalling R200 million. The Department spent its entire total allocation.

Departmental Receipts

The table below shows the revenue budget and the actual revenue collected for 2017/18 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	2017/2018			2016/2017		
	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	590	422	168	562	442	120
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	17	19,452	(19,435)	16	10	6
Sale of capital assets	886	39,200	(38,314)	520	539	(19)
Financial transactions in assets and liabilities	3,006	2,209	797	3,100	15,072	(11,972)
Total	4,499	61,283	(56,784)	4,198	16,063	(11,865)

The Department collected revenue totalling to R61, 283 million in 2017/18 against the budget of R4, 499 million, substantially exceeding the revenue target by R56, 784 million. The revenue collected is in respect of the following categories:

- *Sale of goods and services other than capital assets* under-collected at R422, 000 against the budget of R590, 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 R19, 452 million against the annual budget of R17, 000. The over-collection was due to interest accrued on monies transferred for the management and implementation of Vulindlela Rural Housing Project EPHP in the Umgungundlovu District.
- *Sale of capital assets* collection amounted to R39, 200 million against the annual budget of R886, 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. Once the sale is complete these funds will be appropriated back to the Department.
- *Financial Transactions in assets and liabilities* collected R2, 209 million against the annual budget of R3, 006 million. The under-collection was due to funds not received as projected.

The Department and eThekweni Metro are investigating expenditure incurred by eThekweni Metro over and above the subsidy quantum for various housing projects extending from prior years

totalling approximately R2, 4 billion. National Human Settlements and National Treasury have been engaged to seek funding to re-imburse the Metro as the Department is unable to fund this expenditure in terms of the Housing Code.

Programme Expenditure

Programme Name	2017/2018			2016/2017		
	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	215,298	217,793	(2,495)	205,279	205,279	-
2. Housing Needs, Research and Planning	16,511	16,511	-	15,928	15,928	-
3. Housing Development	3,637,484	3,652,475	(14,991)	3,114,986	3,113,612	1,374
4. Housing Asset Management, Property Management	197,441	179,955	17,486	194,184	194,184	-
Total	4,066,734	4,066,734	-	3,530,377	3,529,003	1,374

The Department spent its entire 2017/18 Final Appropriation. There were post-Adjustment virements undertaken between programmes and economic classification.

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

- Programme 1: Administration over-spent by R2, 495 million after a virement of R518, 000 from Programme 2 and 3 to Goods and Services to defray over-expenditure incurred in property payments which were affected severely by the 2016/17 budget cuts.
- Programme 2: Housing Needs, Research and Planning was fully spent and relates to Compensation of Employees, implementation of capacity programmes, etc. The full expenditure is after a virement of R168, 000 to Programme 1 due to a post of an Assistant Director vacated during the financial year.
- Programme 3: Housing Development, which includes a significant portion of the HSDG, reflects an over-expenditure of R14, 991 million, largely 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 4: Housing Asset Management, Property Management comprises the KZN Housing Fund. This programme reflects under-expenditure of R17, 486 million which is due to an over estimation made in respect of arrear payment of municipal services and rates on housing properties under the Umgungundlovu District. These payments were received and processed in the latter part of March 2017. Furthermore, delays in the filling of vacant budgeted posts added to the under-expenditure.

Virements

Virements between the programmes

From	Amount (R'000)	To	Amount (R'000)
Programme 2: Housing needs, Research & Planning Sub-programme: Policy Compensation of Employees	168	Programme 1: Administration Sub-programme: Corporate Services Goods and Services	518
Programme 3: Housing Development Sub-programme: Administration Compensation of Employees	350		
Total	518	Total	518

Virement of R518,000 from Programme 2: Housing Needs, Research and Planning and Programme 3: Housing Development to Programme 1: Administration

- Savings amounting to R168,000 were identified in Programme 2, Policy sub-programme against *Compensation of employees* due to the post of Assistant Director which was vacated during the financial year; and
- Savings amounting to R350,000 were identified in Programme 3, Administration sub-programme against *Compensation of Employees* due to the posts which were vacated during the financial year as a result of retirements and natural attrition.

These savings were moved to Programme 1, Administration sub-programme against Goods and Services to defray over expenditure incurred in Property Payments which were affected severely by the 2016/17 budget cuts.

Virements within the Programmes of the Department between Economic Classifications

From	Amount (R'000)	To	Amount (R'000)
Programme 1: Administration		Programme 1: Administration	
Sub-programme: Corporate Services		Sub-programme: Corporate Services	
Compensation of Employees	524	Goods and Services	50
		Households	150
		Payments for Financial Assets	324
Total Programme 1	524	Total Programme 1	524
Programme 2: Housing Needs, Research and Planning		Programme 2: Housing Needs, Research and Planning	
Sub-programme: Administration		Sub-programme: Capacity Building	
Compensation of Employees	11	Goods and services	153
Goods and services	6	Payment for Financial Assets	1
Sub-programme: Policy		Sub-programme: Policy	
Compensation of Employees	19	Households	22
Goods and services	140		
Total Programme 2	176	Total Programme 2	176
Programme 3: Housing Development		Programme 3: Housing Development	
Sub-programme: Administration		Sub-programme: Administration	
Compensation of Employees	342	Goods and services	136
		Households	166
		Interest and rent on land	15
		Payment for Financial Assets	25
	342		342
Sub-programme: Financial Interventions		Sub-programme: Financial Interventions	
Compensation of Employees	4,000	Goods and services	4,000
		Households	41,581
Sub-programme: Incremental Interventions		Sub-programme: Social and Rental Interventions	
Households	540,491	Households	176
		Sub-programme: Rural Interventions	
		Households	498,734
	544,491		544,491
Total Programme 3	545,191	Total Programme 3	545,191
Total	546,057	Total	546,057

a. Virement of R524, 000 within Programme 1: Administration

- i. Savings amounting to R524, 000 were identified against *Compensation of employees* due to the delays in the filling of vacant funded posts such as General Manager: Human Capital, Assistant Manager: Budget and Planning, etc.

These savings were moved as follows:

- **R50, 000** to *Goods and Services* to defray over expenditure in Property Payments which were affected severely by 2016/17 budget cuts.
- **R150, 000** to *Transfers and subsidies to Households* to defray expenditure incurred for staff exit costs which is difficult to project due to its nature.
- **R324, 000** to *Payments for Financial Assets* to fund the write-offs of staff debts and suppliers debt after due processes being followed.

b. Virement of R176, 000 within Programme 2: Housing Needs, Planning and Research

- i. Savings amounting to **R17, 000** were identified in Administration sub-programme against:
- *Compensation of Employees* amounting to **R11, 000** due to over estimations made on salaries under this sub-programme.
 - *Goods and Services* amounting to **R6, 000** due to over estimations made on travel and subsistence.
- ii. Savings amounting to **R159, 000** were identified in Policy sub-programme against:
- *Compensation of Employees* amounting to **R19, 000** as a result of an Assistant Director post which was vacated during the financial year.
 - *Goods and Services* amounting to R140, 000 due to adherence to the cost cutting relating to travel and subsistence.

These savings were moved as follows:

- **R153, 000** to Research sub-programme under *Goods and Services* due to the catering for capacity building programmes which were under estimated during the financial year.
- **R1, 000** to Research sub-programme under *Payments for Financial Assets* to fund the write-off of staff debts after due processes being followed.
- **R22, 000** to Policy sub-programme under *Transfers and subsidies to Households* to defray expenditure incurred for staff exit costs.

c. Virement of R544, 491 million within Programme 3: Housing Development

- i. Savings amounting to **R342, 000** 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 and natural attrition.

These savings were moved to the following economic classifications:

- **R136, 000** to *Goods and Services* to defray expenditure incurred in Travel and Subsistence due to officials using their private transport on official trips as a result of the delays in the procurement process for subsidised vehicles.
- **R166, 000** to *Transfers and subsidies to Households* to defray expenditure incurred for staff exit costs which are difficult to project.

- **R15, 000** to *Interest and Rent* on land to defray expenditure incurred on interest on overdue account as per court settlement agreement for legal fees relating to the Individual Housing Subsidy Programme.
 - **R25, 000** to *Payments for Financial Assets* to fund the write-off for staff debts and suppliers debt after due processes being followed.
- ii. Savings amounting to **R4 million** were identified in Financial Interventions sub-programme against Compensation of Employees due to the delays in the filling of vacant budgeted posts. These savings were moved to Goods and services to cater for the appointment of a social facilitation company to undertake a survey of all tenants living in the Woodglaze flats in Phoenix as well as an engineering company to undertake an investigation into the structural integrity of the flats and land surveyors to undertake an investigation on the possibility of subdivision and conversion of the flats to sectional title ownership and to conduct land audit in terms of ownership of residential properties.
- iii. Savings amounting to **R540, 491 million** were identified in Incremental Interventions sub-programme against *Transfers and subsidies to Households* due to the following:
- A number of projects in Ethekwini District did not perform due to challenges and delays in the supply chain management processes at the Municipality. These projects are such as Kingsburgh, Lamontville, Cornubia, Oakford Priory, Inanda Dam, Kloof Ext. 15 and 21 and Tambo Plaza.
 - Thubalethu Extension (ISU) project was delayed due to bulk services that needed to be relocated. This project was stalled until the District relocated the services as required.
 - There were delays in projects in the Amajuba District such as Madadeni H39 housing project which had labour and financial issues, Emawozeni Project had social issues and Osizweni Project was cancelled due to poor performance of the contractor.
 - 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, Makhoba housing project, etc.
 - In the Zululand District, the eDumbe OSS and Disaster had social issues that prevented the project to commence however they have been recently resolved and the IA is busy with Beneficiary Administration. Nongoma OSS and Disaster, the services of the Implementing Agent (Service Provider) was terminated due to non-performance.

These savings were moved as follows:

- **R41, 581 million** to Financial Interventions sub-programme to cater for the following:
 - **R19 million** over expenditure in enrolment fees of housing projects with National Home Builders' Registration Council. The budget for these enrolment fees was included in the project allocations under Transfers and subsidies to Households.
 - **R22, 581 million** over expenditure in Rectification of post 1994 housing stock such as Ibisi Rectification, Clydesdale Rectification, etc. in Harry Gwala District due to the immense political pressure in the area as well as protests demanding the construction to commence on the rehabilitation of these units.

- **R176, 000** to Social and Rental Interventions sub programme under *Transfers and subsidies to Households* to defray expenditure incurred in Claredon House Project which was projected to be complete in the 2016/17 financial year. There were delays in the receiving of claims.
- **R498, 734 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 programme 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 KwaMashabane rural project, KwaShangase rural project, Mkhonto rural project, Zungu rural housing project, etc.
 - There were projects which were not included in 2017/18 HSDG business plan due to various reasons, e.g. projects that were anticipated to be completed in 2016/17 financial year and they were delayed due to social issues, which were later resolved. These projects include KwaJobe rural project, Mpembeni rural projects. Furthermore, Mthembu Sithole project commenced earlier than anticipated due to the urgent need of housing.

Rollovers

No roll-overs were requested by the Department.

Unauthorised; Fruitless and Wasteful; and Irregular Expenditure

During the 2017/18 financial year, the Department incurred **Unauthorised Expenditure** as follows:

- Programme 1: Administration – R2, 495 million in respect of financial constraints under this programme mainly relating to Property payments due to the 2016/17 MTEF budget cuts.
- Programme 3: Housing Development – R14, 991 million in respect of acceleration in service delivery relating to the Rural housing programme in the Umkhanyakude and uGu districts.

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

- R27,000 in respect of interest incurred on payments to GEPF (R12,000) in respect of 43 officials that undertook the voluntary severance packages and interest on a subsidy claim via a court order (R15,000).
- The interest on the GEPF relates to invoices been received late by the Department and due to internal processes and controls implemented, payments were processed timeously although the institution levied interest on these accounts.
- The subsidy claim 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 late receipt of invoiced, no investigations were conducted as there was no negligence by any official as invoices were receipted late.
- In respect of the subsidy claim, an internal investigation has commenced to determine liability.

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

- R2, 000 in respect of a contract that was declared irregular in prior years. Expenditure was incurred in the year under review for which services were rendered and value for money was received. A competitive bidding process was not followed when these services were procured and all expenditure has been declared as irregular since inception of the contract. The contract was concluded during the 2017/18 financial year therefore no further irregular expenditure will be incurred.
- The irregular expenditure disclosed in the Annual Financial Statements (Note 24) 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 226 projects in respect of the 381 housing projects enrolled on the HSS system. The Department is currently performing an investigation relating to the 148 projects which is 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	226
• Irregular projects	81
• Not Irregular projects	113
• Projects where no payments were made	32
SCM documentation still to be reviewed / received	148
Projects approved via the Departmental SCM Process	7
Total	381

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 supporting documentation. The Department has made representation at National Treasury to provide an understanding of this Irregular Expenditure. The condonement process is dependent on the availability of the 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.
- Engagement with Provincial Treasury to procure a service provider to robustly engage with all Municipalities to obtain SCM documents and to provide guidance and assistance to the Municipalities to regularize the appointments of these IA's.

Future plans of the Department

The Department will continue with its inertia towards service delivery. Since 1994, the Department has delivered 726, 988 housing opportunities and has been the highest contributor to the housing delivery statistics nationally.

The Department has revisited its plan of action in order to effectively respond to the housing needs of the people of KwaZulu-Natal in spite of budget constraints, the moving target of the second highest housing backlog in the country and the ever-increasing effects of urbanisation.

The Department will continue:

- In its quest to create new towns and cities through mixed residential development for low, middle and high income groups. The objective is to achieve social, spatial and economic integration. The Department plans to deliver over 2,000 sites and approximately 5,000 units through its Integrated Residential Development Programme (IRDP) in 2018/19.

- To improve the quality of life of people living in informal settlements through the provision of basic services, permanent services and security of tenure. The Department has targeted to deliver over 3,000 sites and over 4,000 units through its Upgrading of Informal Settlements Programme. (UISP)
- To provide houses, security and comfort to people living in rural areas, including farm workers. The department aims to deliver over 6,000 units in 2018/19 through its Rural Housing programme in 2018/19
- To ensure that all beneficiaries of housing subsidies enjoy the full right of home-ownership and enable them to realise the economic value of their assets. Through its Title Deeds restoration programme, the department aims to provide over 9,000 pre-1994 and over 18,000 post-1994 title deeds in 2018/19. The ultimate goal is to eliminate the backlog of 23,215 pre-1994 and 127,479 title deeds by 2020/21.
- The Department plans to intensify its actions to address the challenges posed by budget cuts and the increase in the subsidy quantum. The Department is investigating the concept of Managed Land Settlement (Planned Informal Settlements) and the development of basic norms and standards to implement these Planned Informal Settlements. The concept of Re-blocking Informal Settlements is also being investigated. The Department plans greater engagement with municipalities to prioritise funding for critical projects.
- The Department has placed greater emphasis on the provision of affordable housing. The Department is set to continue its engagement with financial institutions, especially banks, to encourage financing of more public/private partnership initiatives. The Department sees the revival of the Mortgage Indemnity Insurance by government to assist affordable income households as key to protect their homes from being repossessed due to unemployment.

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

The Department does not have any new or proposed activities.

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**
 - Non responsive service providers from CSD resulting in requesting further quotes – if quotes have been invited more than 2 times and 3 quotes were not received in each invite, all quotes received are evaluated in order to minimise any delay in service delivery. This is recorded in the deviation register.
 - 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 1E 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

The Department conveys its acknowledgement and appreciation to all Departmental officials, stakeholders and sector partners for their valuable engagements and support during the financial year, especially in their contribution to the successes and mitigation of challenges experienced during the implementation of the Department's service delivery mandate.

Conclusion

We will continue to ensure that the mandate of the Department is adhered to and effectively manage the resources of the country to ensure equitable and sustainable socio-economic development and universal access to housing.

Approval and sign off

The Annual Financial Statements set out on pages 146 to 214 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 2018

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 2018.

Yours faithfully



.....
Mr. M. O.S. Zungu
Acting Accounting Officer
KwaZulu-Natal Department of Human Settlements
Date: 31 July 2018

6. STRATEGIC OVERVIEW

6.1. Vision

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

6.2. Mission

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

6.3. Values

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

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

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

7. LEGISLATIVE AND OTHER MANDATES

Legislative Mandates

LEGISLATION	MANDATE
1. Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)	Chapter 2: Bill of Rights: Section 26: 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.
2. Housing Act, 1997 (Act No. 107 of 1997)	Part 1: Section 2: 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
3. Housing Consumer Protection Measures Act, 1998 (Act No. 95 of 1998)	Chapter 1: Section 3: The object of the Council is to: <ol 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.

LEGISLATION	MANDATE
<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
<p>5. Sectorial Titles Act, 1986 (Act No. 95 of 1986, as amended by Act No. 24 & 29 of 2003)</p>	<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> <ul 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.
<p>6. Prevention of Illegal Eviction and Unlawful Occupation of Land Act, 1998 (Act No. 19 of 1998)</p>	<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> <ul 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>

LEGISLATION	MANDATE
7. Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000)	Provides that an office of disclosure must be established in order to deal with financial institutions financial statements. The work incidental to the performance of the functions of the Office must be performed by a secretariat consisting of officials of the Department designated for that purpose by the Minister. The Director-General of Housing is the Accounting Officer for the Office and must cause the installation of the necessary financial controls and management measures by the Office to ensure full accountability for expenses incurred by the Office.
8. Disestablishment of South African Trust Limited Act, 2002 (Act No. 26 of 2002)	Provides that: All rights and assets of the Company, including the administrative, financial and other records of the Company, vest in the National Housing Finance Corporation (as per the Housing Act), all obligations and liabilities of the Company now vest in the Government as part of the national debt. Thus the Government must meet these obligations and liabilities.
9. Constitutional Court judgment of 2000, on the enforceability of social and economic rights (Government of the Republic of South Africa and Others v Grootboom and Others)	The court held that the State was obliged to take positive action to meet the needs of those living in extreme conditions of poverty, homelessness or intolerable housing. The interconnectedness of the rights and the Constitution as a whole had to be taken into account in interpreting the socio-economic rights and in particular, in determining whether the State had met its obligations in terms of them. The court held that the national government bore the overall responsibility for ensuring that the State complied with the obligations imposed on it by Section 26. The land program adopted by the metropolitan council, on the face of it, met the obligation of the State towards persons in the position of the 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.

LEGISLATION	MANDATE
<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> <ol 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>
<p>12. National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977)</p>	<p>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.</p>
<p>13. Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)</p>	<p>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.</p>
<p>14. Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)</p>	<p>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.</p>

LEGISLATION	MANDATE
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> <ol 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: <ol 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>

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

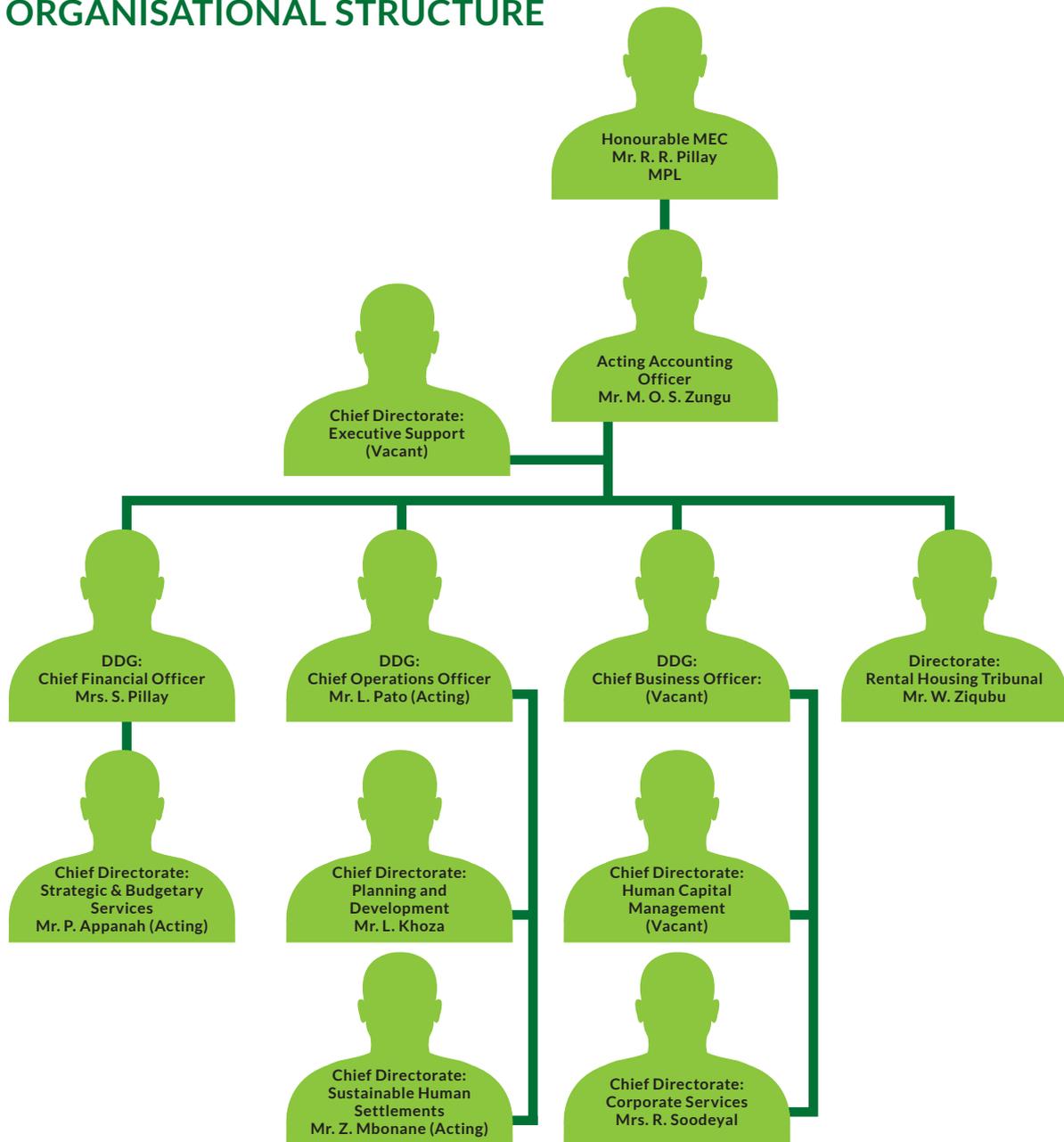
NAME OF POLICY	MANDATE
6. Outcome 8: Medium Term Strategic Framework 2014-2019	<p>The Framework focuses on policy and funding reforms to achieve the following:</p> <ul style="list-style-type: none"> • Better spatial planning to better target resource allocation; • Ensuring that poor households have adequate housing in better living environments; • Supporting the development of a functionally and equitable residential property market improving institutional capacity; and coordination • 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: <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 its 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 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 This intervention is about providing housing opportunities to people at the low end of the housing market. It proposes to transform these informal settlements via the business instruments of: Informal Settlements Upgrade; Integrated Residential Development Programme; and Enhanced Peoples Housing Programme. In this way, people living in informal settlements have greater opportunity to access tenure of housing, economic and social opportunities.</p> <p>Intervention 3.4.d: Develop Provincial Strategy and Plan to address housing Gap Market This intervention seeks to provide housing subsidy for people, who earn between (R3,501 - R15,000) in the gap market to allow for purchase of property. These properties ranges from R450,000 to R700,000 which is entry level housing and usually difficult to obtain bonds. The intervention will include a targeted inclusion of gap housing in all new housing projects aligned to the target contained in national outcome 8. The current housing instrument of Finance Linked Individual Subsidy Programme (FLISP) is being used to address this housing challenge.</p> <p>Intervention 3.4.e: Expand the Social Housing Programme and Rental Programme 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.

NAME OF POLICY	MANDATE
<p>9. Breaking New Ground - A Comprehensive Plan for the Development of Sustainable Human Settlements</p>	<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



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 (NHBC), National Housing Financial Corporation (NHFC), Social Housing Regulatory Authority (SHRA), National Urban Reconstruction and Housing Agency (NURCHA) and Rental Housing Association Fund (RHAF).



Emapheleni Informal Settlement Upgrade Project, eThekweni Municipality

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 141 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	23,790	20,231

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 2018:

- 68% of the black employees are at senior management level;
- 54% of senior management level employees are female; and
- 1.69% 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)	30
35-49 (Middle Aged)	38
50+ (Matured)	32

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 timely 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.

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 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Integrated Development Programme Number of houses completed	442	1,454	2,755	2,964	1,533	(1,431)	In some projects like Nyoni Slums Clearance in Ilembe District, the houses have been completed but have not been counted as the beneficiaries are missing and are being traced.
Informal Settlements Upgrade Programme Number of houses completed	7,407	3,168	4,212	4,902	2,972	(1,930)	Service delivery challenges in Ethekwini as well as the challenge of non-alignment of their procurement of contractors is still a challenge.
Peoples Housing Process Number of houses completed	3,058	2,960	3,691	3,293	2,943	(350)	Delays in completing units as there have been issues with beneficiaries that are missing especially as coming close to the end of the projects like Vulindlela.
Social Housing Programme (utilizing the Institutional Subsidy funding mechanism) Number of units completed	440	76	971	-	558	558	The units are reported as the province did the monitoring work on the projects in this instrument. There was no projected delivery on the Business plan the projection was removed from the 2017/18 Business Plan by National when Institutional Subsidies were moved to SHRA.
Financed-Linked Individual Subsidy Programme Number of houses	197	365	315	2,480	377	(2,103)	In compliance with the National directive, the annual target of 2,480 is made up of 2,000 FLISP Infill Serviced Sites and 480 FLISP Units. As at the 2017/18 financial year, the Department delivered 1,902 FLISP Infill Serviced Sites and 377 FLISP Units.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
							The achievement of 1,902 FLISP Serviced Sites have been redirected to Serviced Sites under "All subsidy instruments" indicator as per the recent National Directive.
Community Residential Units Number of units completed	109	270	77	200	108	(92)	Target has not been achieved. The outstanding units are at various stages of construction.
Access to Land/ and densification Number of hectares of well-located land acquired and/ or released for residential development	779	525	89	1,344	1,180	(164)	The payment for the remainder of the hectares projected could not be effected due to the Conveyancer not being registered on the CSD system.

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 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Ensure the financial viability of the Department Approved Human Settlement Development Grant (HSDG) business plan	-	1	1	-	Target has been achieved.
Provision of skilled human resources Department Approved Human Resource Plan reviewed	-	1	1	-	Target has been achieved.

Provincial Performance Indicators and Targets

Programme 1: Administration							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Human Resource Management Personnel information on Persal System verified	59%	62%	85%	100%	87%	(13%)	This is an ongoing process and challenge remains the verification of qualifications.
Human Resource Management Reviewed Organizational Structure implemented	-	-	-	1	-	(1)	The Proposed Organisational Structure was presented to Special EXCO on the 21st December 2017 as well as the EXCO and MANCO meetings in January and February 2018.
Human Resource Management Approved Human Resource plan reviewed	-	-	-	1	1	-	Target has been achieved.
IMST GWEA Reviewed and approved	1	1	1	1	1	-	Target has been achieved.
IMST ICT Governance Framework reviewed	-	-	4	1	1	-	Target has been achieved.
Risk Management Fraud prevention Plan reviewed	1	1	1	1	1	-	Target has been achieved.
Risk Management Risk management Plan reviewed	-	-	-	1	1	-	Target has been achieved.
Monitoring & Evaluation MPAT Improvement Plan approved	-	-	-	1	1	-	Target has been achieved.

Programme 1: Administration							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Legal Services Number of pieces of provincial human settlements legislation passed (in line with national legislation)	-	-	-	-	-	-	Not targeted for the current financial year.

Strategy to overcome areas of under performance

The Department has also not achieved its set target of 100% verification of Persal data. Instead 85% 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	2017/2018			2016/2017		
	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	215,298	217,793	(2,495)	205,279	205,279	-
Total	215,298	217,793	(2,495)	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 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
<p>Implement projects that ensure spatial, social and economic integration</p> <p>Number of Nationally approved catalytic projects in pre-planning/planning stage</p>	3	6	5	(1)	<p>Ethekwini:</p> <ol style="list-style-type: none"> Cornubia Ph2A Inner City Regeneration <p>Uthungulu: Umhlatuze</p> <ol style="list-style-type: none"> Empangeni Ph1A/1B/1C/2A <p>Amajuba: Newcastle</p> <ol style="list-style-type: none"> Johnstown Blaauboschlaagte Cavan (JBC) <p>Ilembe: Kwadukuza</p> <ol style="list-style-type: none"> Hyde Park Country Estate IRDP <p>Ethekwini:</p> <p>Greater Amaoti still to be tabled - Awaiting documents from the Metro.</p>

Performance indicators

Programme 2: Housing Needs, Research and Planning							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Integrated Planning Number of municipalities provided with technical support (including transfer of skills) to enable the municipality to produce development plans for human settlements projects	47	53	39	40	40	-	Target has been achieved.
Monitoring and Evaluation Part D of the Annual Performance Plan populated according to the prescribed format and National Treasury indicating planned targets and budget allocations over a five-year period	1	1	1	1	1	-	Target has been achieved.
Number of approved human settlement projects contained in the IDP Chapter based on the objectives of Outcome 8 and representing national and provincial priorities	29	-	-	-	-	-	Not targeted for the current financial year.
Policy and Research Number of policy and implementation guidelines approved (in line with national policies and guidelines)	2	4	2	1	5	4	Target has been exceeded. These were targeted for the last financial year but they were signed for approval in the first quarter of the current financial year.
Policy and Research Number of reports developed in terms of approved research studies and approved for publication	4	3	2	1	5	4	Target has been exceeded. These were targeted for the last financial year but they were signed for approval in the first quarter of the current financial year.

Programme 2: Housing Needs, Research and Planning							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of project proposals for research studies approved	4	5	-	-	-	-	Not targeted for the current financial year.
Capacity Building Number of municipalities capacitated on accreditation	7	7	7	-	-	-	Not targeted for the current financial year.

Strategy to overcome areas of under performance

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

The Planning unit has exceeded most of the performance targets that were set for the financial year 2016/17. 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	2017/2018			2016/2017		
	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	336	336	-	400	400	-
Policy	3,921	3,921	-	4,087	4,087	-
Planning	3,740	3,740	-	3,598	3,598	-
Research	8,514	8,514	-	7,843	7,843	-
Total	16,511	16,511	-	17,209	16,411	798

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 opportunities”.

Strategic objectives

Programme 3: Housing Development					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Accelerate the delivery of slums clearance projects and Outcome 8 projects Number of Urban Housing opportunities	12,021	11,227	8,491	(2,736)	National's directive to record units under the Serviced Sites Program as an initiative where beneficiaries will build their own houses supported with a bank loan, increased the targeted number of urban units by 2,000 units. The achievement of 1,902 FLISP Serviced Sites have been redirected to Serviced Sites under “All subsidy instruments” indicator as per the recent National Directive.
Accelerate the creation of rental housing opportunities, and implement projects that ensure spatial, social and economic integration Number of additional restructuring zones declared by the National Minister of Human Settlements	6	5	5	-	Target has been achieved.

Programme 3: Housing Development					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of properties transferred	3,122	32,109	7,630	(24,479)	Deeds Office rejections slower the process for registration of title deeds. Total of 15 198 sites are affected by section 28(1) certificate in eThekweni Metro.

Performance indicators

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of new Housing units completed (D3 certificate/ happy letter) in the province across all housing programmes being utilised in the province	-	-	-	20,222	15,923	(4,299)	Long supply chain processes including appeal processes; Service delivery protests resulting to work stoppages; Rainy days during this period and poor performance by some contractors have resulted in the delays.
Number of new sites connected to basic services (provided with the following: water, sanitation and electricity) as part of the integrated Residential Development Programme	1,997	3,905	3,288	1,106	1,702	596	The performance in this instrument improved following the resolution taken by the Department not to approve any project for Stage 2 or 3 unless the installation of services is more than 50% complete.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of households connected to basic services (provided with at least two of the following: water, sanitation and electricity) as part the Informal Settlement Upgrade Programme (either in-situ or relocation)	2,016	2,970	3,120	2,239	2,676	437	The performance in this instrument improved following the resolution taken by the Department not to approve any project for Stage 2 or 3 unless the installation of services is more than 50% complete.
Informal Settlements Upgrade Programme Number of houses completed	7,407	3,168	4,212	4,902	2,972	(1,930)	Service delivery challenges in Ethekekwini as well as the challenge of non-alignment of their procurement of contractors is still a challenge.
Integrated Development Programme Number of houses completed	442	1,454	2,755	2,964	1,533	(1,431)	In some projects like Nyoni Slums Clearance in Ilembe District, the houses have been completed but have not been counted as the beneficiaries are missing and are being traced.
Enhanced Peoples Housing Process Number of houses completed	3,058	2,960	3,691	3,293	2,943	(350)	Delays in completing units as there have been issues with beneficiaries that are missing especially as coming close to the end of the projects like Vulindlela.
Social Housing Programme (utilizing the Institutional Subsidy funding mechanism) Number of units completed	440	76	971	-	558	558	The units are reported as the province did the monitoring work on the projects in this instrument. There was no projected delivery on the Business plan the projection was removed from the 2017/18 Business Plan by National when Institutional Subsidies were moved to SHRA.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Financed-Linked Individual Subsidy Programme Number of houses	197	365	315	2,480	377	(2,103)	In compliance with the National directive, the annual target of 2,480 is made up of 2,000 FLISP Infill Serviced Sites and 480 FLISP Units. As at the end of the 2017/18 financial year, the Department delivered 1,902 FLISP Infill Serviced Sites and 377 FLISP Units. The achievement of 1,902 FLISP Serviced Sites have been redirected to Serviced Sites under "All subsidy instruments" indicator as per the recent National Directive.
Community Residential Units Number of units completed	109	270	77	200	108	(92)	Target has not been achieved. The outstanding units are at various stages of construction.
Access to Land/ and densification Number of hectares of well-located land acquired and/ or released for residential development	779	525	89	1,344	1,180	(164)	The payment for the remainder of the hectares projected could not be effected due to the Conveyancer not being registered on the CSD system.
Emergency Housing Programme (Inclusive of Sukuma Sakhe) Number of houses completed	632	1,501	418	1,894	503	(1,391)	While normal/ conventional OSS and Disaster delivery has improved, the Innovative Technology (ABT) part of it hasn't, hence the under-performance.
Rectification / Rehabilitation (1994 - 2002 Stock) Programme Number of units rectified	455	910	509	802	1,745	943	Contractors performed better and exceeded their targets.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Military Veterans Housing Programme Number of houses completed	-	-	-	68	-	(68)	The approval processes of plans within the Municipality has delayed the projects. Work-in-progress has been done for 12 units to be reported in the 1st Quarter of the next financial year.
Rural Housing (Inclusive of Farm Worker Programme) Number of houses completed	15,944	16,539	10,093	7,764	11,237	3,473	The good performing contractors increased their delivery production in making up for those projects that were not performing in some other districts including eThekweni.
Number of work opportunities created through related programmes	6,656	6,181	6,691	5,000	9,226	4,226	Target for this instrument has been exceeded. Currently there are no challenges that are causing non-reporting. The reason for exceeding was due to the number of projects under construction at the beginning of the financial as most of them are multi-year projects.
All subsidy instruments Number of properties transferred	3,193	2,166	3,122	32,109	7,630	(24,479)	Deeds Office rejections slower the process for registration of title deeds. 15 198 sites are affected by section 28(1) Certificate in eThekweni.

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of beneficiaries approved	52,089	37,248	16,177	15,112	5,631	(9,481)	The background is that there has been over approvals of beneficiaries by a very large variance year on year. Subsidy Administration put effective controls and remedial action in place, for a cover sheet to all applications and compulsory targeting of beneficiaries on the business plan going forward. There is no backlog of applications to be captured on HSS, as we process all applications received by the districts.
Number of serviced sites delivered per human settlements (housing) programme	4,013	6,879	6,408	3,345	6,280	2,935	As per the recent National's directive, the achievement of 1,902 Serviced Sites have been redirected from the FLISP programme.
Number of new housing units completed in the province across all housing programmes (Excluding Rectification)	29,312	26,552	22,532	23,790	20,231	(3,559)	Poor performance of contractors especially on Urban projects; the delays in commissioning of bulks within Umzinyathi, Ilembe, Umngeni and Harry Gwala had delayed completing and counting houses. The rainy days and social protest including the "Amadelangokubona" effects to productivity mainly affected the big producing projects like in Umlazi area.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Integrated Development Programme Number of houses completed	442	1,454	2,755	2,964	1,533	(1,431)	In some projects like Nyoni Slums Clearance in Ilembe District, the houses have been completed but have not been counted as the beneficiaries are missing and are being traced.
Informal Settlements Upgrade Programme Number of houses completed	7,407	3,168	4,212	4,902	2,972	(1,930)	Service delivery challenges in Ethekekwini as well as the challenge of non-alignment of their procurement of contractors is still a challenge.
Peoples Housing Process Number of houses completed	3,058	2,960	3,691	3,293	2,943	(350)	Delays in completing units as there have been issues with beneficiaries that are missing especially as coming close to the end of the projects like Vulindlela.
Social Housing Programme (utilizing the Institutional Subsidy funding mechanism) Number of units completed	440	76	971	-	558	558	The units are reported as the province did the monitoring work on the projects in this instrument. There was no projected delivery on the Business plan the projection was removed from the 2017/18 Business Plan by National when Institutional Subsidies were moved to SHRA.
Financed-Linked Individual Subsidy Programme Number of houses	197	365	315	2,480	377	(2,103)	In compliance with the National directive, the annual target of 2,480 is made up of 2,000 FLISP Infill Serviced Sites and 480 FLISP Units. As at the end of the 2017/18 financial year, the Department delivered 1,902 FLISP Infill Serviced Sites and 377 FLISP Units.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
							The achievement of 1,902 FLISP Serviced Sites have been redirected to Serviced Sites under "All subsidy instruments" indicator as per the recent National Directive.
Community Residential Units Number of units completed	109	270	77	200	108	(92)	Target has not been achieved. The outstanding units are at various stages of construction.
Access to Land/ and densification Number of hectares of well-located land acquired and/ or released for residential development	779	525	89	1,344	1,180	(164)	The payment for the remainder of the hectares projected could not be effected due to the Conveyancer not being registered on the CSD system.

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	2017/2018			2016/2017		
	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	90,595	88,121	2,474	86,782	87,407	(625)
Financial Interventions	606,705	606,705	-	420,009	374,583	45,426
Incremental Interventions	1,352,600	1,352,987	(387)	1,522,832	1,259,157	263,675
Social and Rental Interventions	108,326	108,326	-	225,490	231,477	(5,987)
Rural Interventions	1,479,258	1,496,336	(17,078)	859,873	1,160,988	(301,115)
Total	3,637,484	3,652,475	(14,991)	3,114,986	3,113,612	1,374

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 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of rental units transferred	525	553	779	226	Target has been exceeded. The over-achievement makes up for the shortfall in previous years.

Performance indicators

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of rental units transferred	639	655	525	553	779	226	Target has been exceeded. The over-achievement makes up for the shortfall in previous years.
Number of rental units sold to beneficiaries	-	-	-	553	232	(321)	Some tenants are reluctant to purchase due to rectification concerns or reasons.
Number of rental units devolved to municipalities in terms of Section 15 of the Housing Act, 1997	-	-	-	-	-	-	Not targeted for the current year.
Number of land parcels devolved to municipalities in terms of Section 15 of the Housing Act, 1997	-	-	-	20	-	(20)	As advised by the Conveyancing Attorney, clearance in respect of 18(4) Certificates by the Municipality caused the delay in the transfers.
Number of debtors reduced per financial year	-	-	-	200	222	22	Target has been exceeded. Beneficiaries are taking opportunity for home ownership, therefore conversion of rental units to sale increased the EEDBS approvals. Appointment of fieldworkers who are going door to door has also increased performance in this instrument.

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of units maintained	3,529	3,025	1,985	1,500	968	(532)	The under-performance is attributable to maintenance works being restricted to emergency and urgent works in Shallcross and Austerville where the rectification programme has commenced. Normal maintenance works has also been reduced at all Department owned properties.
Number of units rectified and / or upgraded for Pre-1994	2,082	2,094	993	1,146	669	(477)	The under-performance is inter-alia due to works being stopped in the eThekweni Projects due to previous acceleration of the construction programmes not in line with the cash flow of the Department, resulting in a debt being declared. Also the project in Collita/ Fodderville did not commence due to non-compliance with SCM processes by the Municipality.

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	2017/2018			2016/2017		
	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	40,812	38,303	2,509	58,506	58,506	-
Sale and Transfer of Housing Properties	57,996	42,344	15,652	2,452	335	2,117
Housing Properties Maintenance	98,633	99,308	(675)	133,226	135,343	(2,117)
Total	197,441	179,955	17,486	194,184	194,184	-

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 2017 to 31 March 2018:

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	105	105	-
eThekweni Municipality	Municipality	Finance Linked Individual Subsidy Programme	Y	30,000	30,000	-
Alfred Duma Municipality	Municipality	Finance Linked Individual Subsidy Programme	Y	26,233	26,233	-
Msunduzi Municipality	Municipality	Finance Linked Individual Subsidy Programme	Y	8,624	8,624	-
eThekweni Municipality	Municipality	Operational Costs for Accredited Municipality	Y	18,274	18,274	-
Ray Nkonyeni Municipality	Municipality	Operational Costs for Accredited Municipality	Y	6,890	6,890	-
Msunduzi Municipality	Municipality	Operational Costs for Accredited Municipality	Y	11,721	11,721	-
Alfred Duma Municipality	Municipality	Operational Costs for Accredited Municipality	Y	2,077	2,077	-
Newcastle Municipality	Municipality	Operational Costs for Accredited Municipality	Y	3,842	3,842	-
uMhlatuze Municipality	Municipality	Operational Costs for Accredited Municipality	Y	1,660	1,660	-
KwaDukuza Municipality	Municipality	Operational Costs for Accredited Municipality	Y	5,982	5,982	-

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
eThekwini Municipality	Municipality	Title Deeds Restoration Programme	Y	40,174	40,174	-
Umdoni Municipality	Municipality	Title Deeds Restoration Programme	Y	1,304	1,304	-
Umuziwabantu Municipality	Municipality	Title Deeds Restoration Programme	Y	2,696	2,696	-
Umshwathi Municipality	Municipality	Title Deeds Restoration Programme	Y	897	897	-
Msunduzi Municipality	Municipality	Title Deeds Restoration Programme	Y	19,901	19,901	-
Alfred Duma Municipality	Municipality	Title Deeds Restoration Programme	Y	3,717	3,717	-
Endumeni Municipality	Municipality	Title Deeds Restoration Programme	Y	8	8	-
Umsinga Municipality	Municipality	Title Deeds Restoration Programme	Y	696	696	-
Newcastle Municipality	Municipality	Title Deeds Restoration Programme	Y	4,076	4,076	-
Dannhauser Municipality	Municipality	Title Deeds Restoration Programme	Y	120	120	-
Mtubatuba Municipality	Municipality	Title Deeds Restoration Programme	Y	73	73	-
Kwadukuza Municipality	Municipality	Title Deeds Restoration Programme	Y	7,608	7,608	-
eThekwini Municipality	Municipality	Community Residential Unit Programme	Y	60,000	60,000	-
Ulundi Municipality	Municipality	Rates and taxes	Y	361	361	-
Transfer to Households	Various	HSDG and Social benefits	Y	3,111,466	3,111,466	-

The table below reflects the transfer payments which were budgeted for during the period 1 April 2017 to 31 March 2018, 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 2017 to 31 March 2018:

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)	3,678,939
Amount received (R'000)	3,678,939
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	3,678,939
Reasons for the funds unspent by the entity	All funds have been fully utilised.
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

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)	5,625
Amount received (R'000)	5,625
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	5,625
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	Department: Monthly performance review meetings Portfolio Committees: Quarterly performance review meetings

7. DONOR FUNDS

7.1. Donor Funds Received

No donor funds were received during the year under review.

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

Infrastructure projects	2017/2018			2016/2017		
	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	26,026	29,913	(3,887)	21,754	1,712	20,042
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	-	-	-	-	-	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-
Infrastructure transfer	124,210	256,934	(132,574)	85,792	123,311	(37,519)
Current	-	-	-	-	-	-
Capital	124,210	256,934	(132,574)	85,792	123,311	(37,519)
Infrastructure: Leases	22,374	25,626	(3,252)	28,858	28,858	-
Total	172,610	312,323	(139,713)	136,404	153,881	(17,477)



Ridgeview Gardens, Cato Manor – 377 units in the complex have been sold under the Finance Linked Individual Subsidy Programme

PART C:

GOVERNANCE

1. INTRODUCTION

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

- An Executive Committee (Exco) as Executive Structure which determines the strategic and leadership goals of the Department;
- An Enterprise Risk Management Committee;
- An Audit Committee providing independent oversight over governance, risk management and control processes of the Department;
- A shared Internal Audit function providing independent assurance that controls are in place to manage and mitigate risks, and that they are adequate and functioning effectively; 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 Department has the Risk Management policies in place to guide the stakeholders on how to identify, assess and manage risks in the Department.
- The Department has a fully functional Departmental Risk Management Committee which is chaired by the Head of Department, this being in line with the COHOD resolution. The members of the Departmental Risk Management committee are required to sign the declaration in respect of conflict of interest form in each meeting. The Departmental Chief Risk Officer (Director: Risk Management & Advisory Services) is also reporting directly to the Head of Department;
- The risk assessments are conducted on quarterly basis and these are further captured on the Departmental Risk Management Register. The Department, through its Risk Management Committee is continuously evaluating the effectiveness of control systems and processes to ensure that the identified risks are reduced to minimal and or eradicated; and
- Through the effectiveness of the Departmental Risk Management Committee, major decisions have been taken to improve controls and organizational effectiveness in relation to project management (project close outs), budget and expenditure controls (transfer payments to municipalities), management of assets and human resources management (including disciplinary measures).

The Department is in partnership with Provincial Internal Audit services (PIAS) to ensure that regular internal audits are conducted to detect inefficiencies in systems and controls and to complement risks assessments in the Departments.

3. FRAUD AND CORRUPTION

Fraud Policies & Plans

- The Department has reviewed its Fraud Prevention Plan in 2017/2018 to ensure that it is aligned to Chapter Two (2) of the Public Service Regulations, 2016 in relation to ethics management, anti-corruption and financial disclosures.
- During the year 2017/2018 the Department has reviewed all the subordinate policies (i.e. whistle blowing policy, Fraud policy, RWOP policy, etc.) that complement the Fraud Prevention Plan/Strategy.
- The Department has also established the Ethics Management Committee to deal mainly with matters of ethics; fraud and corruption and to ensure that there are swift measures in dealing with disciplinary/misconduct cases in the Department.
- The Department in its attempts to ensure the promotion of ethical behaviour has appointed the Ethics Officer & Ethics Champion.
- Further in the area of financial disclosures, the Department was able to have 100% financial disclosures from its SMS members and also level 1-12 employees. The register is in place to manage the records of 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.
- 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 managed to open criminal cases in relation to reported fraudulent activities in the area of housing scams, attempted sale of state properties. There is a good working relationship between the Department and Law Enforcement Agencies in dealing with reported criminal cases.
- On complex fraud related cases which require forensic investigations, the Department requested assistance from Provincial Internal Audit Services. 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.

4. MINIMISING CONFLICT OF INTEREST

The Department has the policies in place to regulate the conflict of interests in the work place. In respect of procurement, the Bid Committee members are required to sign the Declaration of Interests Form which is binding to their operations. The Bid Committee members would be required 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.

The Department has commenced with the review of the Conflict of Interest Policy in line with Public Service Regulations, 2016, which is schedule for approval in the first quarter of 2018/2019 financial year.

5. CODE OF CONDUCT

The Department has approved for the adoption of the Code of Conduct applicable to the Public Service.

The Code of Conduct 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 has conducted fraud awareness programmes to its employees in 2017/2018 and the Code of Conduct Manual was part of the training programme to all employees.

It is the requirement of the Department that each new employee is issued with the Code of Conduct on his/her first day of assumption of duty and the employee is required to sign for the receipt of the document (Code of Conduct).

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 five (5) OHS Committee meetings were held.
- OHS Representatives met on a quarterly basis to discuss OHS matters, four (4) meetings were held during the period under review.
- Bi annually OHS Site assessments were conducted throughout the department at Head Office, Regional Offices and the District Offices, in total twenty eight (28) 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 an official on SAMTRAC training, this official was capacitated with the necessary skills and competencies to undertake a risk assessment.
- Fourteen (14) awareness sessions on incident reporting were conducted in all offices and attendance to the sessions was pleasing.
- Eight (8) incidents were reported, investigated and recorded during the reporting period.
- Four (4) workplace injuries and illnesses and dangerous occurrences were recorded by Human Resource Management, awaiting medical reports from the affected parties in order for these to be reported to the department of Labour.
- 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.
- One of the priorities for the 2017/2018 OHS Plan was to develop a system for the tracking, monitoring and communicating of OHS Legislative changes and requirements with the assistance of Legal Services the department has been able to make improvement in this area, Legal Services was tasked with the responsibility of tracking legislative changes and communicating such changes to Facilities. During the reporting period there have not been any approved legislative changes to the OHS Act.
- In order to increase OHS awareness for departmental staff and visitors the summary of the approved OHS Policy has been pasted throughout the department wherein the department outlines its commitment in as far as OHS.
- During the reporting period the department successfully developed a First Aid Programme on the 15th September 2017 so as to give guidance on the management of first aid.

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

7.1. Human Settlements Portfolio Committee

- Various meetings were held during the 2017/18 financial year to discuss various financial and non-financial information and performance.
- There were no resolutions tabled during the 2017/18 financial year.

7.2. Finance Portfolio Committee

Res. No.	Subject	Resolutions	Response by the Department
43/2017	Reduction in the funding of the EPWP Integrated Grant for Provinces	The Accounting Officer must provide a report to the Finance Portfolio Committee by 30 June 2017 giving reasons for the reduction of funding for this grant by almost R10 million.	<ul style="list-style-type: none"> • The EPWP Incentive grant allocation is based on the number of work opportunities reported by the public body and the duration of employment in a particular project. • During the 2015/16 financial year, EPWP Phase III introduced new reporting requirements (Circular 3 of 2015). • The additional reporting requirements required that this information be cascaded to all Implementing Agents as there was also a new reporting template to be used. • It was then very difficult for all projects to comply since the Department had to conduct workshops throughout the Province to introduce the reporting requirements yet the system was already implemented and required compliance for work opportunities to be approved on the system. • This had a negative impact on the Department as there was no capacity to ensure all the information reached the projects under construction since the unit was only capacitated with 2 senior officials. • This resulted in poor reporting by the Department in terms of EPWP compliance by all housing projects since only 1,035 work opportunities were reported hence the decrease in allocation. • Capacity remains an issue as the Department is currently relying on the incentive grant allocation to have staff that is running the programme ensuring maximum enforcement of EPWP compliance in all housing projects.

Res. No.	Subject	Resolutions	Response by the Department
44/2017	Housing Project in Inkululeko 1 Development (Jozini Ward 16)	<p>The Accounting Officer must provide a report to the Finance Portfolio Committee by 30 June 2017 on the following:</p> <ul style="list-style-type: none"> a. Reasons for the delay in the construction of the housing project. b. Whether this housing project will go ahead. c. Whether any costs have been incurred by the department in relation to the housing project in Ndumo. 	<p>a. The project is still part of the development in Ndumo and it is true that it commenced in 2013 but due to planning processes, construction would not take place during 2013, since the required stage 1 activities are a basic requirement to enable for the project proceedings.</p> <p>The project stage 2 activities (Construction) and preparation will resume towards the last quarter of the 2017/18 financial year.</p> <p>Reasons for the delay in the construction of the housing project:</p> <p>The project duration for stage 1 activities was to be done within a period of 9 months. However, due to the poor performance of the Implementing Agent contract was cancelled. The IA approached the courts and this matter is being attended to by the department parallel to the development process.</p> <p>Due to poor performance, the extension of time was not granted and the Department had to procure for the services of the new service provider (SCM processes).</p> <p>Obtaining the necessary household digital data (GPS Coordinates and etc.) from the Implementing Agent (Pale Native and Team) delayed the conclusion of stage 1 activities to enable for stage 2 construction activities. To date progress has been made through the Departmental GIS unit that assisted in physically capturing of the required data. As a result the draft settlement plan has been concluded and is being circulated for approval.</p> <p>b. Whether this housing project will go ahead</p> <p>Yes the project is going ahead and the construction activities and processes for the Ndumo Housing project will begin during the last quarter of the 2017/18 financial year and proceed until the 2018/19 financial year.</p>

Res. No.	Subject	Resolutions	Response by the Department
			<p>c. Whether any costs have been incurred by the department in relation to the housing project in Ndumo</p> <p>From the planning stage 1 activities, no additional costs have been incurred by the Department which relate to the housing development. The stage 1 budget of R2 755 110 and this amount will not be fully utilized in stage 1, so the remaining amount will assist in finalization of stage 2 activities and the balance after conclusion of stage 1 is estimated to be approximately R776 155.</p>
111/2017	Contravention of the Public Finance Management Act and Division of Revenue Act	<p>The Accounting Officer must provide a report by 30 November 2017 on the following:</p> <ol style="list-style-type: none"> 1. Why is the under expenditure of R18 million allocated for HDA not reported in the department's overall underspending of its Final Appropriation. 2. How will the department fund HDA allocations in 2017/18 financial year? 3. What were the reasons for utilising specifically and exclusively appropriated funds for other purposes? 4. Was there any consequence management in the department for the contravention of the PFMA and DORA? 	Refer to Annexure A for detailed report.
112/2017	Military Veterans' Housing Project	<p>The Accounting Officer must provide a report by 30 November 2017 on the following:</p> <ol style="list-style-type: none"> 1. Provide a progress report on the Military Veterans' Housing Project. 2. Indicate how much of the R100 million transfer has been used by Ithala on this project. 	Refer to Annexure B for detailed report.

Res. No.	Subject	Resolutions	Response by the Department
119/2017	Slow progress in filling of vacant critical posts	All departments that have applied to the Provincial Treasury and the Office of the Premier for approval to fill critical posts in 2016/17 financial year to date must provide reports showing the posts, date of application to the Provincial Treasury and Office of the Premier and the current status of those posts.	<p>Chief Director: Human Capital</p> <ul style="list-style-type: none"> Submitted to OTP in November 2016, approved on the 28th December 2016. <p>Director IMST</p> <ul style="list-style-type: none"> Submitted to OTP in February 2017 and was approved on 30th March 2017. <p>These posts have since been advertised and the closing date for applications was the 17th November 2017. Interview panels have been approved by the Head of Department and the process will be fast-tracked to ensure these posts are filled urgently.</p>

Annexure A

REPORT ON THE UTILIZATION OF R18 MILLION ALLOCATED TO THE HOUSING DEVELOPMENT AGENCY (HDA) TO NORMAL PROJECTS: KZN HUMAN SETTLEMENTS: 2016/17 FINANCIAL YEAR

1. PURPOSE

The purpose of the letter is to provide the report to the Transferring Officer: National Department of Human Settlements in respect of the utilization of R18 million that was budgeted to be transferred to Housing Development Agency (HDA) for the implementation of the planning activities and procurement of land parcels for the Province, to normal projects in respect of the KwaZulu-Natal Provincial Department of Human Settlements for the Human Settlements Development Grant (HSDG) in 2016/17 financial year.

2. BACKGROUND

- The Province entered into a 3 year agreement with Housing Development Agency (HDA) to perform the planning activities and procurement of land parcels on behalf of the Department.
- According to the agreement, the first tranche of R18 million was made to HDA in 2015/16 financial year.
- The second tranche of R18 million was budgeted to be paid in 2016/17 financial year after receiving the reconciliation report of the first tranche.
- The last tranche of R14 million is budgeted for in 2017/18 financial year.
- The reconciliation report from HDA for the first tranche of R18 million that was paid in 2015/16 financial year was not submitted to the Department, because there were still outstanding office establishment activities to be finalised and HDA was undergoing amalgamation with other development financing agencies of National Department of Human Settlements.
- Hence the Department did not transfer R18 million to Housing Development Agency (HDA) that was budgeted for in 2016/17 financial year because there was still funding available from the first tranche to HDA.
- These funds were specifically and exclusively appropriated which means that they may not be used for any other purpose.

3. MOTIVATION

- a. An implementation Protocol (IP) was concluded between the KwaZulu-Natal Provincial Department of Human Settlements and the Housing Development Agency (HDA) on the 16th January 2013.
- b. In terms of IP the HDA was to assist the Department in coordinating the efforts of both parties in order to increase the number of sustainable human settlements developments for families residing within the Kwa-Zulu Natal Province.
- c. In order for HDA to undertake the assigned functions and programmes a funding contribution was to be made to the HDA from the Province over the 2014/15 to 2017/18 Medium Term Strategic Framework.

- d. The total amount allocated by the Province for activities to be undertaken was R52 million over a three year period.
- e. The following financial arrangements were made:
 - A draw-down model of tranche payments based on the cash flow projection was a preferred approach as it will enable the HDA to have predictable access to operating funds while at the same time limiting the Department’s exposure to a potential risk of transferred funds not spent in the financial year they were intended to.
 - The tranche payments to the HDA was to be effected on the basis of cash flow projected as follows:

Year	Amount
2014/15	R6 million
2015/16	R12 million
2016/17	R18 million
2017/18	R14 million

- These funding was to cover the operational cost of the HDA in providing support to the province.
 - In terms of the PFMA and DORA the Agency is compelled to submit monthly expenditure and quarterly performance reports to the Department for the three year of the operational support plan.
- f. The first tranche of R12 million and R6 million was made by the Province to HDA in 2015/16 financial year.
- g. The second tranche of R18 million was budgeted to be transferred by the Province to HDA in 2016/17 financial year which did not materialise due to the fact that there was still funding available from the first tranche to HDA.
- h. The second tranche of R18 million was to be transferred after the reconciliation report for the first tranche has been provided by the HDA to the Department.
- i. After engaging with the HDA with regards to the second tranche, Department could not transfer the second tranche of R18 million, due to the fact that there was still funding available from the first tranche that was transferred in 2015/16 financial year.
- j. Due to the fact that:
 - most service providers were over producing and overspending the annual allocation;
 - Some of the projects were far ahead of the planned development programme; and
 - There is continuous service delivery pressures from the public as a result of high housing backlog within the province the Department utilized this money to pay invoices for the Service Providers/Implementing Agents that were overproducing and ahead of their planned development programme as well as for the work done in order to increase the set targets.
- k. Province has requested the post facto approval from Provincial Treasury for the utilization of R18 million that was budgeted to be transferred to HDA and is currently waiting for the response.
- l. Province has budgeted an amount of R14 million in 2017/18 to be transferred to HDA.

Annexure B

REPORT ON IMPLEMENTATION OF MILITARY VETERANS HOUSING PROGRAMME IN KWAZULU-NATAL

NOVEMBER 2017

1. PURPOSE

To provide progress in terms of the implementation of Military Veterans Housing Programme in KwaZulu-Natal (KZN).

2. BACKGROUND

- The Military Veterans Act places an obligation for the state to roll out housing to the Military Veterans and their dependents.
- According to the Department of Military Veterans (DMV), access to benefits such as housing is based on the broad principles that a prospective applicant must be listed in the National Military Veterans database and that the provision is subject to availability of funds.
- The delivery of Military Veterans housing is done in partnership with the Department of Military Veterans that provides top-up funding to enhance the product.
- The product being delivered is a 50 square meter house with two bedrooms, fitted kitchen cupboards, stove, solar geyser, sink, hot and cold water taps, single carport with paving, fencing around the yard, tiles and ceiling throughout the house.

3. DISCUSSION

- The KwaZulu-Natal efforts towards the implementation of the Military Veterans Housing Programme began in 2008 following the MEC's budget and policy speech for the 2008/09 financial year.
- The Extra – Parliamentary Military Veterans Housing Policy was approved in 2009 to ensure delivery of Military Veterans houses in the province.
- It was agreed that priority should be given to the Non-Statutory formations such as MKMVA, APLAMVA and AZANLAMVA for the delivery of Military Veterans Housing.
- Before the establishment of the DMV, the KZN Department of Human Settlements has provided Military Veterans with houses through the normal subsidy programme for households earning less than R3,500 per month.
- Since the inception of the new policy prescripts and regulations from the Department of Military Veterans, KZN embarked on a consultation process with the KwaZulu-Natal Provincial Military Veterans Association (SAMVA-KZN).
- The consultations finalized a strategy and way forward to fast track Military Veterans housing in the 2014/15 financial year and over the MTEF period.

- According to the lists submitted by the three formations, there are more than four thousand (4000) Military Veterans living in KZN and the majority of them are living in eThekweni.
- Point Above was appointed as the Implementing Agent for this programme in the province and is a Military Veteran owned company.
- The appointment of a Military Veteran owned company was following the principle of “Nothing About Us Without Us” adopted by the Military Veterans nationally.
- Since the Military Veterans wanted to participate in the construction of their houses as beneficiaries, parts of Enhanced Peoples Housing Process (EHP) model was adopted for the implementation of this programme.
- In February 2015 the contract agreement was concluded between the Department and the appointed Implementing Agent to build the first 530 houses for Military Veterans.
- The Implementing Agent commenced with the work of beneficiary approval process in consultation with the relevant Military Veterans structures in the province and the Department of Military Veterans.

4. BUDGETING AND DELIVERY TARGETS

- Since the programme is following the EHP model, Ithala Bank was appointed as the Accounts Administrator for this programme and a tripartite agreement was signed between Ithala Bank, Implementing Agent and the Department.
- The Department, through the Human Settlements Development Grant (HSDG), is contributing the normal subsidy quantum of R110, 000 per beneficiary and DMV is providing R78, 884 to-up funding. This amounts to a total of R188, 884 per unit.
- To date an amount of R11 million was received from DMV as the top-up funding for the implementation of this programme.
- An amount of R100 million was transferred to Ithala Bank as the Accounts Administrator and the controls are in place for the management of these funds. Before Ithala Bank pays the Implementing Agent, all invoices are checked, certified, authorized and processed through the Housing Subsidy System (HSS) within the Department and a release note issued to Ithala to effect payments.
- To date only **R1, 858, 848.13** has been spent and a further claim of **R2, 289, 063.98** is being processed for payment which would account for **R4, 147, 912.11** in expenditure against the R100 million tranching to Ithala.
- In terms of the Business Plan for the 2017/18 financial year, there is a target of 68 houses to be built and 120 sites to be serviced. However bearing in mind targets of previous years, the Department plans to deliver 238 housing units.

5. PROGRESS TO DATE

- To date 257 beneficiaries have been approved on Housing Subsidy System (HSS). This means that these beneficiaries are on the DMV database and have been verified by DMV.
- The Department have identified some serviced sites from the residential sites owned by the Department for the construction of military veterans as indicated below:

- Eleven (11) serviced sites in uMkumbaan – eThekwini .
- Seven (7) serviced sites in Savannah Park – eThekwini.
- Four (4) serviced sites in KwaMakhutha – eThekwini.
- Thirty (30) serviced sites in Glenwood – Msunduzi.
- Twenty (20) serviced sites in Copesville – Msunduzi. Implementing Agent busy with NHBRC enrolment and approval of plans by the Municipality.
- 153 serviced sites released by eThekwini Metro for the implementation of this programme. Implementing agent busy with NHBRC enrolment and approval of plans by the Municipality.
- 13 serviced sites released by Alfred Duma Municipality in Arcaciaville Township.
- Approximately 130 sites donated by Msunduzi Municipality for this programme and sites still need some planning activities and installation of bulks.
- Twenty (20) serviced sites have been made available for this programme in Ray Nkonyeni Municipality. The sites are being enrolled with NHBRC in preparation for the construction phase.
- Newcastle Municipality have committed to release serviced sites for the Military Veterans Programme. Council Resolution to be obtained soon.
- KwaDukuza Municipality have also committed to release sites for the implementation of Military Veterans Programme.
- Endumeni Municipality have also indicated that there are sites which could be made available for this programme.
- Fifteen (15) serviced sites have been made available for this programme in Mpofana Municipality. The Implementing Agent will be undertaking the process of NHBRC enrolment in preparation for the construction phase.

Construction of Units

In terms of actual construction of the Military Veterans houses, the following has been achieved:

- Contractor busy with construction on various sites
- 3 houses have been completed
- 5 houses are at roof level
- 19 houses at foundation level

6. CHALLENGES

- Slow progress in the approval of Military Veterans by the National Department of Military Veterans (DMV).
- Most of Military Veterans approved in the Housing Subsidy System (HSS) currently reside in the eThekwini Metro where technical verification of sites is currently on-going.
- Where serviced sites have been identified and are ready for construction, the beneficiaries are not approved on DMV and HSS e.g. in Ray Nkonyeni and Alfred Duma Municipalities.

- The list of Military Veterans prioritized to obtain houses is constantly amended and the structures are not in agreement among themselves about this priority listing.
- Social issue in Umkhumbaan within eThekweni have resulted in work stoppages on site due to Ridgeview Gardens home owners not wanting 50 square meter houses for Military Veterans built within their homes as they view these houses to reduce the market value of their homes.
- Some of the Military Veterans want their houses built in rural areas where they reside but these are not approved on DMV and HSS.

7. INTERVENTIONS TO FAST TRACK DELIVERY OF MILITARY VETERANS HOUSES

In addressing some of the challenges confronting the Department in the Implementation of the Military Veterans housing programme, the following has been done:

- The Department is working with the Military Veterans Associations to finalize the list of beneficiaries in those Municipalities that have committed sites and to obtain approval urgently.
- With the 153 serviced sites already verified in eThekweni, the Implementing Agent is commencing with the process of NHBRC enrolment on these sites in preparation for the construction phase.
- The issue of houses built in uMkumbaan is being addressed at a political level by eThekweni Metro, DMV, the National Rapid Response Task Team (NRRTT) and the Department.
- Engagements are being convened with regional structures of Military Veterans to resolve the issues surrounding the priority listing and present them to DMV for finalisation of the database. This includes the demand for Rural houses as well.
- The policy of beneficiation of Military Veterans businesses is being finalised to give direction on matters relating to what constitutes a Military Veteran company and ownership issues relating to these.

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Response by the Department
13/2017	Investigations (relating to Resolution 105/2016)	<p>a. Two officials implicated in Forensic Investigation FR 26/09 had resigned before they could be subjected to a disciplinary process. Since they are employed by other organs of state, the matter has been referred to the Office of the Premier for further attention.</p> <p><i>Updated report</i> The Office of the Premier has since indicated that it was not directly involved in this matter.</p> <p>In view of that the Department has engaged directly with the Service Provider (namely Gcolotela & Peters Incorporated) who was hired by the Department to facilitate the disciplinary proceedings in respect of the 8 implicated officials.</p> <p>The Service Provider has informed the Department that they are still in possession of the charge sheets in respect of the two (2) former officials who left the Department before being formally charged.</p> <p>The Department is engaging the service provider to secure these documents for consideration and onward submission to the current employers of the two officials. As soon as that process is done, the matter would be regarded as finalized from the side of this Department</p> <p>b. The report on the investigation conducted into the Vryheid Phase 6B project was due for submission to the Abaqulusi Municipality.</p> <p><i>Updated report</i> The meeting with the Municipal Council of Abaqulusi was finally held on the 28th April 2017.</p> <p>The report with recommendations was presented to the Council and after a lengthy discussion it was accepted by the Council with a condition that the Department would continue to assist the Municipality in the implementation of the recommendations of the report.</p> <p>The Municipality was advised to make a formal request to the Department via the relevant Project Management Programme / Chief Directorate and outline the assistance they would need from the Department.</p> <p>The Municipal Manager has indeed written to the Department and stated the assistance they need and the engagements between the two organs of state is in progress in order to ensure that the recommendations on the Vryheid Phase 6B report are fully implemented.</p> <p>c. The investigations into the RDP housing allocation process, the Hammonds Farm Housing Project and the "shack-lordism" was due for completion in February 2017</p> <p><i>Updated report</i> The investigation with regard to irregular allocation of houses in respect of the Hammonds Farm Housing Project is close to final stage.</p> <p>The investigation experienced challenges with regard to non-cooperation from the complainants and the eThekweni Municipality in terms of providing information and documents to the investigators. However, after series of meetings with the relevant stakeholders, there is now progress.</p>

Resolution No.	Subject	Response by the Department
		<p>As a consequence, the revised and final completion date for this project was determined as at 15th October 2017.</p> <p>d. The criminal matters reported under PMB CAS768/04/2016 are still in progress</p> <p><i>Updated report</i> SAPS investigations on Housing Scams: The South African Police Services is performing an investigation which covered the period 1 April 2015 to 31 March 2016 relating to alleged housing scams in various housing projects outside government processes. The investigation is still in progress.</p> <ul style="list-style-type: none"> • The housing scam investigations are with the Hawks under case number Pietermaritzburg CAS 768/04/2016 and the matter is still in the Specialized Commercial Crime Court. Date of completion unknown as is dependent on the processes of the criminal justice system • The second housing scam case under reference case number Point CAS 26/06/2016 is also still under investigation by the Anti-Corruption Task Team and no arrests have yet been made. <p>e. The matter relating to the sale of the Palm Beach Hotel is still under criminal investigation</p> <p><i>Updated report</i> This matter relates to attempted sale of the state owned facility.</p> <p>The matter is still under investigation by the Hawks under case number Point CAS 54/04/2016.</p> <p>No one has been charged.</p>
82/2017	Procurement and contract management	<ol style="list-style-type: none"> 1. Filing cabinets have been procured and are in the process of being installed as the Department previously experienced some structural challenges in respect of installation and this was resolved in December 2017. 2. All contracts will be accurately referenced and filed safely whereby retrieval and maintenance will be strictly monitored. 3. Furthermore, the SCM documentation received for all the Housing Projects will be stored within these filing cabinets in support of the contracts.
83/2017	Investigations	<p>a. The following details progress on the current investigations within the Department:</p> <p>i. FR26/09 Criminal matter regarded by the committee as finalized.</p> <p>With respect to the two individuals that left to other Organ of State: the service provider (Mr. Lunga Peters on behalf of Gcolotela Peters & Associates) contracted to deal with the hearings has been engaged by the Department. He indicated that the two officials were not prosecuted as they were appointed by the Department of Human Settlements and therefore to proceed with the employees outside of the employ of the Department, the Office of the Premier was engaged to give a directive. To date, no directive has been issued. Mr. Peters has indicated that he has in possession the files with the charges and evidence secured against both officials. He will release the same once funds due to him not yet settled by the Department was effected in January 2018. The service provider will provide the files in February 2018. Upon receipt of the charges and evidence the Department will be in a position to engage the necessary Departments to have these two individuals charged.</p>

Resolution No.	Subject	Response by the Department
		<p>ii. FR17/2014: Mtubatuba housing project The Department is providing an oversight role to ensure that the recommendation that the municipality will find the 87 people alternative sites for their houses is implemented. The land to accommodate the excess people has already been identified and it is adjacent to the existing project. The Implementing Agent of the existing Project has been activated and is willing to do the remaining houses and close the project out.</p> <p>iii. FR30/2015: Mariam Temple Case closed as false, the matter was a private one and had nothing to do with the Department.</p> <p>iv. FR51/13: uMvoti Housing Project This case has been closed. The Municipality accommodated the complainants in another project that was already underway.</p> <p>v. FR26/14 The Department received correspondence from Provincial Treasury indicating that the report submitted by the appointed service provider was of a poor quality and they have requested a amended report. A final report has not been received as yet.</p> <p>vi. FR42/10 The HOD and MEC requested to finalize an affidavit requested by the prosecutor before the matter may be considered by the National Prosecuting Authority.</p> <p>vii. FR21/15 Jika Joe Housing project Investigations were conducted by UMsunduzi Municipality and the necessary action was taken from the outcomes of the investigation. The Department has requested a copy of the investigation report.</p> <p>b. Vryheid Phase 6B: Investigation undertaken by SMEC (Service Provider). An independent consulting firm performed an investigation which covered the period 1 April 2015 to 31 March 2016, based on allegations of possible irregularities in a housing project. The investigation has been completed and recommendations were referred to the municipality concerned.</p> <p>The Municipality has advertised in the local newspaper calling on all affected beneficiaries to come forward for the purposes of ensuring who still requires housing in the area and who has left the area, therefore has to be deregistered from the HSS so they can re-apply in the new areas where they live. This advert also calls for all those who have invaded to come forward for "amnesty" and to be regularized in the houses if they qualify in terms of the Housing Subsidy Policy. The Department has started by identifying (through the Municipality) alternative land for accommodating the people whose houses have been invaded.</p> <p>c. The South African Police Service is still investigating the allegations of sale and rental of RDP houses in Nquthu Housing Project. The Department supplied affidavits, as requested by the HAWKS, pertaining to its records on both the complainants and the alleged buyers. There has been no arrests nor anyone charged on this matter and therefore it has not gone before court yet.</p>

Resolution No.	Subject	Response by the Department
111/2017	Irregular expenditure	<p>1. In respect of the Irregular Expenditure disclosed relating to the procurement of Housing Projects, the Municipalities were responsible for the supply chain management processes in terms of the MFMA, whilst the Department of Human Settlements is responsible for the payment to the Implementing Agents via a Tri-partite Agreement signed by the Department, Municipality and Implementing Agent. In this regard, officials within the Department are not responsible for the Irregular Expenditure as all procurement was undertaken at a Municipal Level; and</p> <p>All Municipalities do not allow Departmental officials to preside over their SCM processes.</p> <p>2. No forensic or internal audit investigations were conducted as explained above.</p> <p>The amended processes implemented to mitigate this risk are as follows:</p> <p>a. The Department has implemented strict SCM review processes at our Technical Evaluation stage prior to accepting projects submitted by all Municipalities for funding from the Human Settlements Development Grant (HSDG).</p> <p>b. A detailed review of all SCM processes done by the Department to ensure full compliance to both MFMA and PFMA.</p> <p>c. Copies of SCM documentation received per project is retained by the Department.</p> <p>d. In less capacitated Municipalities, the Department will take over the SCM processes. In consultation with them and COGTA.</p> <p>e. The Department has consulted with Provincial Treasury to assist in capacitating Municipalities to ensure full compliance with all SCM regulations and prescripts; Treasury did assist in training Municipal officials in SCM.</p> <p>f. The Department is communicating on a regular basis with Municipalities on the requirements for full compliance.</p> <p>g. The Department has proposed that separate bid processes be followed for the planning phase and the construction phase by Municipalities for all new projects.</p>
112/2017	Settlement of payments to creditors within 30 days	Refer to the Annexure A which provides information on payments to service providers.
113/2017	Officials doing business with government	<p>1. All officials within the Department are required to submit Financial Disclosures on an annual basis.</p> <p>2. During the 2017/18 financial year, there were no officials who disclosed conducting business with the State.</p> <p>3. Furthermore, with the implementation of the Central Suppliers Database and utilization of the database by the Department, all information relating to service providers is available.</p>
114/2017	Investigations	Refer to the Annexure B .
115/2017	Consequence management	During the year under review, a duplicate payment was made to a service provider. Investigations revealed that 10 officials were accountable for the processing of this duplicate payment. Warning letters have been issued to these officials who contravened the PFMA.

Resolution No.	Subject	Response by the Department		
116/2017	Material misstatements and omissions in submitted Annual Financial Statements	<ol style="list-style-type: none"> Internal controls, processes and procedures have been implemented to ensure compliance to laws, regulations and all reporting frameworks thereby minimising misstatements and omissions. Monthly Management Committee (Manco) meetings and monthly Executive Management Committee (Exco) meetings are held to ensure accountability of Management, sound financial management, human resource management, policy and governance and risk management strategies are incorporated to achieve the outcomes of the Department. The Interim Financial Statements are currently presented to these committees for review and approval. The Departmental Risk Management Committee (DRMC) provides an over-sight role and all financial reports are discussed at these meetings therefore irregularities are detected and corrected prior to submission to stakeholders. The 2018/19 Annual Financial Statements will be subjected to these committee reviews and CARC review prior to submission to the Auditor-General. 		
117/2017	2016/2017 Fruitless and Wasteful expenditure	<p>Incident</p> <p>Payment to GEPF in respect of officials that took early retirement</p> <p>Overdue municipal accounts</p> <p>Overdue telephone and Post office accounts</p> <p>Total</p> <p>During the 2016/17 financial year, the Department incurred Fruitless and Wasteful expenditure as follows:</p> <ul style="list-style-type: none"> Interest incurred on payments to GEPF (R372,000) in respect of 43 officials that undertook the Voluntary Severance Package (VSP); Interest incurred on overdue Municipal accounts (R30,000); Interest incurred on overdue Telkom and Post Office accounts (R46,000); This fruitless and wasteful expenditure relates to invoices being received late by the Department. Payments were processed timeously although the various institutions levied interest on these accounts; and No investigations were conducted as there was no negligence by any official as invoices were received late. The Department requested these institutions to waive the interest levied but this was not considered. The Department has requested that the Telkom invoices be submitted electronically therefore payment is now made timeously. Municipal accounts are followed-up timeously and processed for payment. 	<p>Disciplinary steps taken/ criminal proceedings</p> <p>Invoices were received late from GEPF</p> <p>Invoices were received late</p> <p>Invoices were received late</p>	<p>2016/17 R'000</p> <p>372</p> <p>30</p> <p>46</p> <p>448</p>

Resolution No.	Subject	Response by the Department
118/2017	Human Resources matters – Funded vacant posts not filled within 12 months	<p>Vacant SMS posts – the Department had 3 SMS posts:</p> <ul style="list-style-type: none"> • Chief Director: Corporate Services Management which was interviewed for on 14 December 2017. No approval to appoint was granted, post to be re-advertised. • Director: IMST, interviewed for on 14 December 2017, approval to appoint has been granted. • Director: Property Management, interviews was undertaken and there was no suitable candidate. Approval to head-hunt was obtained so this process is currently being undertaken.
119/2017	Assets register	<ol style="list-style-type: none"> 1. The Asset Management Policy was amended in the 2017/18 financial year. Quarterly asset verification and audits are performed to update the inventory listing of each office and circulars are issued requesting users to complete asset transfer forms when moving assets to other offices. These anomalies are timeously detected and resolved. 2. The Department's asset register is complete and all disposals, additions and movements are updated when undertaken. 3. In terms of the circulars issued to all staff, disciplinary action will be taken against officials who do not comply with the policy.
120/2017	Performance Agreements	<ol style="list-style-type: none"> 1. All SMS members have signed Performance Agreements. 2. This is not specified in the Performance Agreements of SMS members but it is catered for in the chapter 4 of the SMS handbook and the Department abides by the handbook. The performance agreements for the new year will be structured to include non-performance, under-performance and financial mismanagement. 3. Yes, it is specifically included in the performance agreement, under section Core Management Criteria. Specifically: "Financial Management".
18/2017	Unauthorised Expenditure of R5 582 000 incurred in 2015/2016	The Department notes this resolution and confirms receipt of these funds on the 18th January 2018.

Annexure A

30 DAYS PAYMENT PERIOD TO SERVICE PROVIDERS

2017/18 FINANCIAL YEAR

Month	Number of invoices processed	Number of invoices processed within 30 days	Variance	% Paid within 30 days
Apr-17	936	936	-	100.00
May-17	601	597	4	99.33
Jun-17	641	641	-	100.00
Jul-17	546	500	46	91.58
Aug-17	1,020	1,019	1	99.90
Sep-17	780	779	1	99.87
Oct-17	729	729	-	100.00
Nov-17	1,079	1,077	2	99.81
Dec-17	1,042	1,034	8	99.23
TOTAL	7,374	7,312	62	99.16

Annexure B

2015/16

No.	Status	Case Details	Completion date
1.	Finalized	<p>The Department undertook to investigate beneficiary administration relating to alleged irregularities in the allocation and occupancy of houses at the Enhlalakahle Greytown 497 Urban Housing Project in uMvoti.</p> <p>A service provider, Santhos Manillal Forensics (Pty) Ltd (SMF), was appointed by the Department to investigate the allegations and submit a report with their findings and recommendations.</p> <p>Further to the recommendations as per report which was communicated to Council, it was resolved to regularize illegal occupants rather than to have them evicted from their houses. Action: all the occupants have been regularized.</p> <p>With regards to most severe cases noted, 8 beneficiaries were accommodated in the Greytown Slums Clearance project currently under construction and the rest of the 30 affected beneficiaries were placed on the Municipality's priority list for allocation of new sites in the Nhlalakahle Phase 2 project.</p>	January 2015
2.	Carried over to the year 2016/17	The Department received information of 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 SAPS.	Investigation in progress

2016/17

No.	Status	Case Details	Completion date
1.	Finalized	<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.</p> <p>Department appointed SMEC consultants to conduct investigations which was duly completed. SMEC is currently working with the Municipality to action the recommendations. There were no findings of wrongdoing by any officials.</p>	April 2016
2.	In-progress	<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 SAPS and all the complaints received were forwarded to the police. Five suspects were arrested and charged in May 2017 and are currently before the Commercial Crimes Court in Durban.</p>	Outside the Department
3.	In-progress	<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 SAPS where a fraud case was registered and all affidavits required were supplied to the SAPS.</p>	Outside the Department
4.	In-progress	<p>Alleged sale and rental of RDP houses in the Nquthu phase 2 project / Mpumelweni 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>	15 February 2018
5.	Finalized	<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 SAPS.</p>	May 2017

9. PRIOR MODIFICATIONS TO AUDIT REPORT

Addressed in SCOPA Resolutions.

10. INTERNAL CONTROL UNIT

Due to capacity challenges within the Department in the area of internal control, the Department and KZN Provincial Internal Audit Services Unit (PIAS) would develop an annual Internal Audit Operational Plan in respect of internal audits required by the Department based on risk assessments reports.

In respect of 2017/2018 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	Transfer Payments	1st Quarter	Finalized
2	Subsistence and Travel Allowances (S&T), Phase 2	2nd Quarter	Finalized
3	Supply Chain Management	3rd Quarter	Finalized
4	BCP, OHS and BCM	3rd Quarter	Finalized
5	IT And Asset Inventory	3rd Quarter	Finalized
6	Human Resource and Payroll Management Services	4th Quarter	Finalized
7	Title Deeds Stocks (Pre & Post 1994)	4th Quarter	Finalized
8	Rural Development Projects	4th Quarter	Draft Report in place

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.

Matters in relation to negligent conducts by the Departmental officials are being investigated for possible charges of misconduct.

For 2017/2018 a new Operational plan is being finalized between the Department and PIAS.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

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

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

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

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

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

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

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
P. Christianson	CA (SA)	External	Not Applicable	February 2015	Not applicable	4
T. Mozela	B. Com; 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 2018.

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 S Simelane (Acting Chairman of PARC)	7 of 7	N/A*
2	Mr V Ramphal	7 of 7	N/A*
3.	Mr P Christianson (Acting Chairperson of Social CARC)	7 of 7	4 of 4
4.	Ms T Njozela	6 of 7	4 of 4
5.	Mr D O'Connor	7 of 7	4 of 4
6.	Ms N Sithole (Appointed 01 May 2018)	N/A	1 of 4
7.	Mr M Tarr (Appointed 01 May 2018)	N/A	N/A*

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

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
- Housing Development Projects
- Procurement and Contract Management
- Expenditure Management
- Debtors and Inventory 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 Internal Audit Unit planned to conduct 14 audit assignments for the period under review, of which all 14 were finalised.

The PIAS performed effectively during the period under review, and the Committee commends PIAS for finalising all planned assurance audit assignments. During the 2018/19 financial year, the Committee will continue to monitor the progress made by the PIAS 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 this financial year, the department's risk register status was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	2	11	14	16	2	45
Number of Identified Action Plans	8	36	27	12	0	83
Number of Completed Action Plans.	4	22	24	12	0	62

Although the department is commended for a high completion rate in implementing its risk mitigation plans, the Committee is still concerned about the department's failure to update the whole risk register regularly on a quarterly basis. The department is 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.

The department is also commended for the progress it has made in implementing the action plans in respect of Risk Maturity, Fraud Prevention, Business Continuity, and Occupational Health and Safety.

The Committee has also been concerned about the risk management unit in the department not having adequate human resource capacity and budget to be able to fulfil its risk management functions and thus resulting in the department not fully complying with the minimum risk management standards as set by the Provincial Executive Council.

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 accuracy of reported performance information in the Annual Performance Plan which resulted in material misstatements due to the failure of the Department to implement adequate systems to properly verify information contained in the Annual Performance Report. The management of the department has been urged to implement the appropriate improvement strategies in order to address the identified shortcomings with immediate effect.

6. Forensics Investigations

During the 2017/2018 financial year, the Committee noted that there were four (4) forensic investigations 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. Two (2) of these investigations were completed and two (2) are still in progress.

The Committee further noted that:

- For one (1) of the completed investigations, criminal proceedings were recommended which must be actioned by the Accounting Officer; and
- For one (1) of the completed investigations where disciplinary actions were recommended, the Accounting Officer recommended to other departments to institute disciplinary proceedings as the officials had been transferred.

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

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 unqualified conclusion on the usefulness and reliability of performance information resulting from the audit of the Department

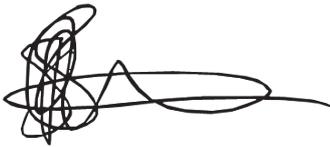
8. Auditor-General's Report

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.



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Mr SP Simelane
Acting Chairman: Provincial Audit and Risk Committee

06 August 2018



Human Settlements MEC Ravi Pillay handing over a newly constructed house to Mrs Qhamkile Mbhele, eSigidleni Village, oFafa, uBuhlebezwe Municipality

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 53% 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 1.8% 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.

The total staff composition appointed on PERSAL in terms of Race, Gender and Disability as well as vacant posts per salary level is illustrated hereunder:

POST / SALARY LEVEL	HUMAN RESOURCES																				ESTABLISHMENT											
	AFRICAN				COLOURED				INDIAN				WHITE				TOTAL				TOTAL	Employees with a disability	No. of VACANT Posts	Total No. of Posts	% VACANT Posts							
	FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE		MALE													
No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%													
01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
02	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
03	37	35	57	54	0	0	4	4	1	1	5	5	0	0	1	1	38	36	67	64	105	1	3	108	3							
04	7	29	16	67	0	0	1	4	0	0	0	0	0	0	0	0	7	29	17	71	24	1	1	25	4							
05	28	53	20	38	0	0	3	6	0	0	2	4	0	0	0	0	28	53	25	47	53	2	2	55	4							
06	24	63	13	34	0	0	1	3	0	0	0	0	0	0	0	0	24	63	14	37	38	2	0	38	0							
07	67	52	43	34	4	3	0	0	6	5	5	4	2	2	1	1	79	62	49	38	128	3	8	136	6							
08	73	41	51	28	6	3	4	2	8	4	22	12	10	6	6	3	97	54	83	46	180	4	7	187	4							
09	17	57	9	30	0	0	0	0	2	7	2	7	0	0	0	0	19	63	11	37	30	0	2	32	6							
10	31	24	61	47	1	1	4	3	7	5	18	14	3	2	5	4	42	32	88	68	130	2	8	138	6							
11	17	47	17	47	0	0	0	0	1	3	1	3	0	0	0	0	18	50	18	50	36	0	2	38	5							
12	18	32	23	40	1	2	3	5	6	11	5	9	0	0	1	2	25	44	32	56	57	0	5	62	8							
Sub-Tot	319	41	311	40	12	2	20	3	31	4	60	8	15	2	14	2	377	48	405	52	782	15	38	820	5							
13	9	39	8	35	1	4	0	0	2	9	2	9	0	0	1	4	12	52	11	48	23	1	3	26	12							
14	0	0	2	40	0	0	0	0	1	20	1	20	1	20	0	0	2	40	3	60	5	0	2	7	29							
15	0	0	1	50	0	0	0	0	1	50	0	0	0	0	0	0	1	50	1	50	2	0	0	2	0							
16	0	0	0	0	1	100	0	0	0	0	0	0	0	0	0	0	1	100	0	0	1	0	0	1	0							
Sub-Tot	9	29	11	35	2	6	0	0	4	13	3	10	1	3	1	3	16	52	15	48	31	1	5	36	14							
TOTAL	328	40	322	40	14	2	20	2	35	4	63	8	16	2	15	2	393	48	420	52	813	16	43	856	5							

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2017 and 31 March 2018

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	217,793	126,843	-	-	58.2	439
Housing Needs, Research & Planning	16,511	13,581	-	-	82.3	543
Housing Development	3,652,475	158,300	-	-	4.3	553
Housing Asset Management, Property Management	179,955	32,256	-	-	17.9	296
Total	4,066,734	330,980	-	-	8.1	467

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 and 31 March 2018

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)	21,679	6.5	109	198
Highly skilled production (Levels 6-8)	94,322	29.7	232	406
Highly skilled supervision (Levels 9-12)	97,999	29.6	153	640
Senior and Top management (Levels 13-16)	29,165	8.8	25	1,167
Contract (Level 1 – 2)	-	-	-	-
Contract (Level 3 – 5)	3,048	0.9	12	254
Contract (Level 6 – 8)	21,142	6.4	71	298
Contract (Level 9 – 12)	49,009	14.8	83	590
Contract (Level 13 – 16)	9,861	3.0	9	1,096
Contract (Other)	846	0.3	7	121
Periodical Remuneration	3,909	1.0	8	489
Total	330,980	100.0	709	467

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2017 and 31 March 2018

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	108,993	86.0	255	0.2	3,113	2.5	5,472	4.3
Housing Needs, Research & Planning	11,457	84.4	-	-	1,256	9.2	1,803	13.3
Housing Development	152,655	96.4	14	-	2,507	1.6	3,557	4.1
Housing Asset Management, Property Management	26,269	81.4	-	-	1,256	3.9	1,803	5.6
Total	299,374	90.5	269	0.1	9,132	2.8	12,635	3.8

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2017 and 31 March 2018

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)	9	64.3	-	-	1	7.1	4	28.6
Skilled (Level 3-5)	16,403	75.6	27	0.1	1,217	5.6	1,902	8.8
Highly skilled production (Levels 6-8)	66,760	78.7	116	0.1	2,832	3.3	5,175	6.1
Highly skilled supervision (Levels 9-12)	76,060	78.6	121	0.1	2,056	2.1	3,431	3.5
Senior management (Level 13-16)	22,780	81.9	-	-	585	2.1	512	1.8
Contract (Level 1 – 2)	-	-	-	-	-	-	-	-
Contract (Level 3 – 5)	3,045	99.7	2	0.1	-	-	-	-
Contract (Level 6 – 8)	19,106	99.2	3	-	-	-	-	-
Contract (Level 9 – 12)	45,083	92.1	-	-	236	0.5	22	0.4
Contract (Level 13 – 16)	9,095	88	-	-	248	2.4	45	0.4
Contract (Other)	846	99.6	-	-	-	-	-	-
Periodical Remuneration	3,909	99.4	-	-	-	-	-	-
Total	299,374	90.5	269	0.1	9,132	2.8	12,635	3.8

3.2. Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as at 31 March 2018

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administration	313	289	7.7	5
Housing Needs, Research & Planning	25	25	-	-
Housing Development	309	286	7.4	103
Housing Asset Management, Property Management	113	109	3.5	3
Total	760	709	6.7	111

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2018

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Lower skilled (Level 1 – 2)	1	-	100	-
Skilled (Level 3 – 5)	117	109	6.8	-
Highly skilled production (Level 6 - 8)	253	232	8.3	-
Highly skilled supervision (Level 9 – 12)	168	153	8.9	-
Senior management (Level 13 – 16)	31	25	19.4	-
Other permanent	15	15	-	-
Contract (Level 1 – 2)	-	-	-	-
Contract (Level 3 – 5)	12	12	-	4
Contract (Level 6 – 8)	71	71	-	40
Contract (Level 9 – 12)	83	83	-	61
Contract (Level 13 – 16)	9	9	-	6
Total	760	709	6.7	111

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2018

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administrative related, Permanent	178	168	5.6	22
Agriculture related, Permanent	2	2	-	2
All artisans in the building metal machinery etc., Permanent	22	20	9.1	-
Architects town and traffic planners, Permanent	11	11	-	10
Artisan project and related superintendents, Permanent	1	1	-	-
Auxiliary and related workers, Permanent	3	3	-	-
Bus and heavy vehicle drivers, Permanent	1	1	-	-
Cartographic surveying and related technicians, Permanent	1	1	-	-
Civil engineering technicians, Permanent	14	14	-	14
Cleaners in offices workshops hospitals etc., Permanent	25	24	4	3
Client inform clerks (switchboard receptionist inform clerks), Permanent	4	3	25	-
Communication and information related, Permanent	4	4	-	-
Community development workers, Permanent	11	10	9.1	9
Computer system designers and analysts., Permanent	1	1	-	-
Engineering sciences related, Permanent	4	4	-	2
Engineers and related professionals, Permanent	24	18	25	11
Finance and economics related, Permanent	8	7	12.5	-
Financial and related professionals, Permanent	1	1	-	-
Financial clerks and credit controllers, Permanent	61	56	8.2	-
Food services aids and waiters, Permanent	-	-	-	-
General legal administration & rel. professionals, Permanent	1	1	-	-
Head of department/chief executive officer, Permanent	2	2	-	-
Human resources & organisational development & related professionals, permanent	15	14	6.7	-
Human resources clerks, Permanent	22	21	4.5	2
Human resources related, Permanent	19	16	15.8	-
Information technology related, Permanent	4	3	25	-

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Inspectors of apprentices works and vehicles, Permanent	63	61	3.2	25
Language practitioners interpreters & other commun, Permanent	1	1	-	-
Legal related, Permanent	8	7	12.5	2
Library mail and related clerks, Permanent	14	13	7.1	-
Light vehicle drivers, Permanent	9	9	-	-
Logistical support personnel, Permanent	3	2	33.3	-
Material-recording and transport clerks, Permanent	8	8	-	-
Messengers porters and deliverers, Permanent	5	5	-	-
Other administrative & related clerks and organisers, Permanent	60	55	8.3	2
Other administrative policy and related officers, Permanent	77	74	3.9	1
Other information technology personnel., Permanent	4	3	25	-
Quantity surveyors & related prof not class elsewhere, Permanent	3	3	-	2
Risk management and security services, Permanent	3	3	-	-
Secretaries & other keyboard operating clerks, Permanent	24	23	4.2	-
Senior managers, Permanent	21	19	9.5	4
Trade labourers, Permanent	18	17	5.6	-
Total	760	709	6.7	111

3.3. Filling of SMS Posts

Table 3.3.1 SMS post information as at 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	-	-
Salary Level 16	-	-	-	-	-
Salary Level 15	3	2	66.7	1	33.3
Salary Level 14	6	4	66.7	2	33.3
Salary Level 13	29	21	72.4	8	27.6
Total	39	28	71.8	11	28.2

Table 3.3.2 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 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 and 31 March 2018

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	1	-	1
Salary Level 13	1	2	1
Total	2	2	2

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 2017 and 31 March 2018

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 2017 and 31 March 2018

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 2017 and 31 March 2018

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	1	1	100	-	-	-	-
Contract (Level 1 – 2)	-	-	-	-	-	-	-
Contract (Level 3 – 5)	12	2	16.7	-	-	-	-
Contract (Level 6 – 8)	71	7	9.9	-	-	-	-
Contract (Level 9 – 12)	83	10	12	-	-	-	-
Contract (Band A)	4	2	50	-	-	-	-
Contract (Band B)	4	1	25	-	-	-	-
Contract (Band D)	1	-	-	-	-	-	-
Skilled (Levels 3-5)	117	109	93.2	10	100	-	-
Highly skilled production (Levels 6-8)	253	229	90.5	67	100	-	-
Highly skilled supervision (Levels 9-12)	168	147	87.5	42	100	-	-
Senior Management Service Band A	24	21	87.5	-	-	-	-
Senior Management Service Band B	5	2	40	-	-	-	-
Senior Management Service Band C	2	2	100	-	-	-	-
Other	15	-	-	-	-	-	-
Total	760	533	70.1	119	100	-	-

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 and 31 March 2018

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 2017 and 31 March 2018

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 2017 and 31 March 2018

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 2017 and 31 March 2018

Salary band	Number of employees at beginning of period 1 April 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	1	-	-	-
Skilled (Levels 3-5)	113	4	3	2.7
Highly skilled production (Levels 6-8)	254	2	10	3.9
Highly skilled supervision (Levels 9-12)	138	2	6	4.3
Senior Management Service Bands A	20	-	-	-
Senior Management Service Bands B	2	-	-	-
Senior Management Service Bands C	2	-	-	-
Other	20	20	5	25
Contract (Level 1 – 2)	-	-	-	-
Contract (Level 3 – 5)	33	10	13	39.4
Contract (Level 6 – 8)	57	20	5	8.8
Contract (Level 9 – 12)	75	18	16	21.3
Contract (Band A)	4	1	1	25
Contract (Band B)	4	-	-	-
Contract (Band D)	1	-	-	-
Total	724	77	59	8.1

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 and 31 March 2018

Critical occupation	Number of employees at beginning of Period - 1 April 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative related, Permanent	180	42	30	16.7
Agriculture related, Permanent	2	-	-	-
All artisans in the building metal machinery etc., Permanent	21	-	1	4.8
Architects town and traffic planners, Permanent	11	1	1	9.1

Critical occupation	Number of employees at beginning of Period - 1 April 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Artisan project and related superintendents, Permanent	1	-	-	-
Auxiliary and related workers, Permanent	3	-	-	-
Bus and heavy vehicle drivers, Permanent	1	-	-	-
Cartographic surveying and related technicians, Permanent	1	-	-	-
Civil engineering technicians, Permanent	14	-	-	-
Cleaners in offices workshops hospitals etc., Permanent	22	1	1	4.5
Client inform clerks (switchboard reception inform clerks), Permanent	4	-	-	-
Communication and information related, Permanent	5	-	-	-
Community development workers, Permanent	11	-	1	9.1
Computer system designers and analysts., Permanent	1	-	-	-
Engineering sciences related, Permanent	3	1	-	-
Engineers and related professionals, Permanent	19	3	3	15.8
Finance and economics related, Permanent	7	-	-	-
Financial and related professionals, Permanent	1	-	-	-
Financial clerks and credit controllers, Permanent	57	4	4	7
Food services aids and waiters, Permanent	1	-	-	-
General legal administration & rel. professionals, Permanent	1	-	-	-
Head of department/chief executive officer, Permanent	1	1	-	-
Human resources & organisational development & relate prof, Permanent	14	-	-	-
Human resources clerks, Permanent	23	2	2	8.7
Human resources related, Permanent	17	-	1	5.9
Information technology related, Permanent	3	-	1	33.3
Inspectors of apprentices works and vehicles, Permanent	58	13	3	5.2
Language practitioners interpreters & other commun, Permanent	1	-	-	-
Legal related, Permanent	5	-	-	-
Library mail and related clerks, Permanent	13	-	1	7.7
Light vehicle drivers, Permanent	11	1	-	-
Logistical support personnel, Permanent	2	-	-	-
Material-recording and transport clerks, Permanent	7	-	-	-
Messengers porters and deliverers, Permanent	2	-	-	-
Other administration & related clerks and organisers, Permanent	53	4	5	9.4
Other administrative policy and related officers, Permanent	78	2	4	5.1
Other information technology personnel., Permanent	4	-	-	-

Critical occupation	Number of employees at beginning of Period - 1 April 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Quantity surveyors & related prof not class elsewhere, Permanent	3	-	-	-
Risk management and security services, Permanent	3	-	-	-
Secretaries & other keyboard operating clerks, Permanent	23	2	-	-
Senior managers, Permanent	19	-	1	5.3
Trade labourers, Permanent	18	-	-	-
Total	724	77	59	8.1

Table 3.5.3 Reasons why staff left the department for the period 1 April 2017 and 31 March 2018

Termination Type	Number	% of Total Resignations
Death	4	6.8
Resignation	20	33.9
Expiry of contract	26	44.1
Dismissal – misconduct	2	3.4
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	7	11.9
Transfer to other Public Service Departments	-	-
Other	-	-
Total	59	100
Total number of employees who left as a % of total employment		7.8

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 and 31 March 2018

Occupation	Employees 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related, Permanent	180	2	1.1	92	51.1
Agriculture related, Permanent	2	-	-	-	-
All artisans in the building metal machinery etc., Permanent	21	-	-	14	66.7
Architects town and traffic planners, Permanent	11	1	9.1	2	18.2
Artisan project and related superintendents, Permanent	1	-	-	-	-
Auxiliary and related workers, Permanent	3	-	-	3	100
Bus and heavy vehicle drivers, Permanent	1	-	-	1	100

Occupation	Employees 1 April 2017	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
Cartographic surveying and related technicians, Permanent	1	-	-	1	100
Civil engineering technicians, Permanent	14	-	-	-	-
Cleaners in offices workshops hospitals etc., Permanent	22	-	-	3	13.6
Client inform clerks (switchboard receptionist inform clerks), Permanent	4	-	-	4	100
Communication and information related, Permanent	5	-	-	4	80
Community development workers, Permanent	11	-	-	4	36.4
Computer system designers and analysts, Permanent	1	-	-	1	100
Engineering sciences related, Permanent	3	-	-	-	-
Engineers and related professionals, Permanent	19	1	5.3	1	5.3
Finance and economics related, Permanent	7	1	14.3	6	85.7
Financial and related professionals, Permanent	1	-	-	-	-
Financial clerks and credit controllers, Permanent	57	-	-	32	56.1
Food services aids and waiters, Permanent	1	-	-	-	-
General legal administration & rel. professionals, Permanent	1	-	-	1	100
Head of department/chief executive officer, Permanent	1	-	-	1	100
Human resources & organisational development & relate prof, Permanent	14	-	-	12	85.7
Human resources clerks, Permanent	23	-	-	12	52.2
Human resources related, Permanent	17	-	-	11	64.7
Information technology related, Permanent	3	-	-	1	33.3
Inspectors of apprentices works and vehicles, Permanent	58	-	-	43	74.1
Language practitioner's interpreters & other commun, Permanent	1	-	-	1	100
Legal related, Permanent	5	-	-	3	60
Library mail and related clerks, Permanent	13	-	-	11	84.5
Light vehicle drivers, Permanent	11	-	-	7	63.6
Logistical support personnel, Permanent	2	-	-	2	100
Material-recording and transport clerks, Permanent	7	-	-	8	114.3
Messengers porters and deliverers, Permanent	2	-	-	5	250

Occupation	Employees 1 April 2017	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
Other administration & related clerks and organisers, Permanent	53	-	-	38	71.7
Other administrative policy and related officers, Permanent	78	-	-	54	69
Other information technology personnel, Permanent	4	1	25	-	-
Quantity surveyors & related prof not class elsewhere, Permanent	3	-	-	3	100
Risk management and security services, Permanent	3	-	-	2	66.7
Secretaries & other keyboard operating clerks, Permanent	23	-	-	17	73.9
Senior managers, Permanent	19	-	-	1	5.3
Trade labourers, Permanent	18	-	-	-	-
Total	724	6	0.8	401	55.4

Table 3.5.5 Promotions by salary band for the period 1 April 2017 and 31 March 2018

Salary Band	Employees 1 April 2017	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)	1	-	-	-	-
Skilled (Levels 3-5)	113	-	-	48	42.5
Highly skilled production (Levels 6-8)	254	1	0.4	182	71.7
Highly skilled supervision (Levels 9-12)	138	2	1.4	112	81.2
Senior Management (Level 13-16)	24	2	8.3	30	12.5
Other Permanent	20	-	-	-	-
Contract (Level 3 – 5)	33	-	-	-	-
Contract (Level 6 – 8)	57	-	-	10	17.5
Contract (Level 9 – 12)	75	1	1.3	44	58.7
Contract (Level 13 - 16)	9	-	-	2	22.2
Total	724	6	0.8	401	55.4

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 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	8	-	1	1	8	2	1	-	21
Professionals	39	3	6	1	44	1	11	1	106
Technicians and associate professionals	97	3	21	5	113	6	11	6	262
Clerks	45	2	14	2	95	5	9	7	179
Service and sales workers	2	-	1	-	-	-	-	-	3
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	58	3	7	3	11	-	-	-	82
Plant and machine operators and assemblers	7	-	-	-	3	-	-	-	10
Elementary occupations	34	4	2	-	-	6	-	-	46
Total	290	15	52	12	280	14	32	14	708
Employees with disabilities	8	1	2	-	-	-	-	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 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	-	-	1	-	2
Senior Management	8	1	1	2	5	1	5	-	23
Professionally qualified and experienced specialists and mid-management	58	3	21	6	52	2	9	2	153
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	67	3	21	5	105	9	12	11	232
Semi-skilled and discretionary decision making	59	7	2	-	41	-	-	-	109
Unskilled and defined decision making	9	-	-	-	6	-	-	-	15
Contract top Management	-	-	-	-	1	-	-	-	1
Contract Senior Management	1	-	2	-	5	-	-	-	8
Contract Professionally Qualified	55	1	4	-	18	1	4	-	83
Contract Skilled technical	26	-	-	-	43	-	1	1	71
Contract Semi-Skilled	6	-	1	-	5	-	-	-	12
Contract Unskilled	-	-	-	-	-	-	-	-	-
Total	290	15	52	12	280	14	32	14	709

Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	2	-	-	-	-	-	-	-	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	-	-	-	1	-	-	-	2
Semi-skilled and discretionary decision making	3	-	-	-	1	-	-	-	4
Other	13	-	-	-	7	-	-	-	20
Unskilled and defined decision making	-	-	-	-	1	-	-	-	1
Contract Senior Management	-	-	-	-	1	-	-	-	1
Contract Professionally Qualified	11	1	1	-	5	-	-	-	18
Contract Skilled technical	12	-	-	-	6	-	1	1	20
Contract Semi-Skilled	5	-	-	-	5	-	-	-	10
Contract Unskilled	-	-	-	-	-	-	-	-	-
Total	47	1	1	-	26	-	1	1	77
Employees with disabilities	-	-	-	-	-	-	-	-	-

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	1	-	-	1	1	-	2	-	5
Professionally qualified and experienced specialists and mid-management	39	1	16	5	42	2	7	2	114
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	52	2	11	2	91	7	10	8	183
Semi-skilled and discretionary decision making	20	5	-	-	23	-	-	-	48
Contract Top Management	-	-	-	-	1	-	-	-	1
Contract Senior Management	-	-	1	-	-	-	-	-	1
Contract Professionally Qualified	30	1	1	-	11	-	2	-	45
Contract Skilled technical	3	-	-	-	7	-	-	-	1
Contract Semi Skilled	-	-	-	-	-	-	-	-	-
Total	145	9	29	8	175	10	21	10	407
Employees with disabilities	5	1	1	-	-	-	-	-	7

Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	2	-	1	-	2	-	-	1	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	-	-	-	5	-	1	1	10
Semi-skilled and discretionary decision making	1	-	1	-	1	-	-	-	3
Unskilled and defined decision making	4	-	-	-	1	-	-	-	5
Contract Senior Management	1	-	-	-	-	-	-	-	1
Contract Professionally Qualified	6	1	3	-	6	-	-	-	16
Contract Skilled technical	-	-	-	-	4	1	-	-	5
Contract Semi-Skilled	7	-	-	-	6	-	-	-	13
Contract Unskilled	-	-	-	-	-	-	-	-	-
Total	24	1	5	-	25	1	1	2	59
Employees with Disabilities	-	-	-	-	-	-	-	-	-

Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	-	-	-	-	-	-	-	-	-
No Outcome	8	-	1	-	2	-	1	-	12
Total	8	-	1	-	2	-	1	-	12

Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	43	2	12	1	55	3	13	3	132
Professionals	31	1	12	2	56	3	8	-	113
Technicians and associate professionals	52	13	9	3	16	-	2	-	95
Clerks	76	4	20	6	136	7	8	13	270
Service and sales workers	-	-	-	-	1	-	-	-	1
Skilled agriculture and fishery workers	27	1	1	-	23	2	2	1	57
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	1	-	-	-	1	-	-	-	2
Elementary occupations	24	2	2	-	5	-	-	-	33
Total	254	23	56	12	293	15	33	17	703
Employees with disabilities	2	-	-	-	-	-	-	-	2

3.7. Signing of Performance Agreements by SMS Members

Table 3.7.1 Signing of Performance Agreements by SMS members as at 31 March 2018

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100
Salary Level 16	-	-	-	100
Salary Level 15	3	2	2	100
Salary Level 14	6	5	5	100
Salary Level 13	29	22	22	100
Total	39	30	30	100

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as at 31 March 2018

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 2018

Reasons
Warning letters issued to SMS members.

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 2016 to 31 March 2017

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	50	282	17.70	812	16,237
Female	48	280	17.10	902	18,789
Asian					
Male	15	50	30.00	298	19,894
Female	11	32	34.40	232	21,102
Coloured					
Male	6	14	42.90	129	21,450
Female	2	14	14.30	32	15,820
White					
Male	2	12	16.70	60	29,980
Female	7	13	53.80	196	27,957
People with disabilities	-	12	-	-	-
Total	141	709	19.90	2,660	18,868

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

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (level 3-5)	3	109	33.90	344	9,300	3.70
Highly skilled production (level 6-8)	59	232	25.90	964	16,337	5.90
Highly skilled supervision (level 9-12)	40	153	26.10	1,196	29,898	4.00
Other	-	15	-	-	-	-
Contract (Level 3 – 5)	-	12	-	-	-	-
Contract (Level 6 – 8)	-	71	-	-	-	-
Contract (Level 9 – 12)	2	83	2.40	33	16,413	0.20
Total	138	675	20.40	2,537	18,382	13.80

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

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related, Permanent	33	168	19.60	815	24,709
Agriculture related, Permanent	-	2	-	-	-
All artisans in the building metal machinery etc., Permanent	6	20	30	92	15,390
Architects town and traffic planners, Permanent	-	11	-	-	-
Artisan project and related superintendents, Permanent	1	1	100	8	8,000
Auxiliary and related workers, Permanent	-	3	-	-	-
Bus and heavy vehicle drivers, Permanent	-	1	-	-	-
Cartographic surveying and related technicians, Permanent	-	1	-	-	-
Civil engineering technicians, Permanent	-	14	-	-	-
Cleaners in offices workshops hospitals etc., Permanent	14	24	58.30	126	9,006
Client inform clerks (switchboard, reception, inform clerks), Permanent	3	3	100	30	10,080
Communication and information related, Permanent	-	4	-	-	-
Community development workers, Permanent	-	10	-	-	-
Computer system designers and analysts., Permanent	-	1	-	-	-
Engineering sciences related, Permanent	-	4	-	-	-
Engineers and related professionals, Permanent	3	18	16.70	124	41,242
Finance and economics related, Permanent	2	7	28.60	62	30,934
Financial and related professionals, Permanent	-	1	-	-	-
Financial clerks and credit controllers, Permanent	11	56	19.00	156	14,191
Food services aids and waiters, Permanent	-	-	-	-	-
General legal administration & rel. professionals, Permanent	-	1	-	-	-

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Head of department/chief executive officer, Permanent	-	2	-	-	-
Human resources & organisational development & relate prof, Permanent	6	14	42.90	133	22,183
Human resources clerks, Permanent	3	21	14.30	43	14,337
Human resources related, Permanent	7	16	43.80	156	22,322
Information technology related, Permanent	1	3	33.30	7	6,936
Inspectors of apprentices works and vehicles, Permanent	3	61	4.90	60	19,848
Language practitioners, interpreters & other commun, Permanent	-	1	-	-	-
Legal related, Permanent	-	7	-	-	-
Library mail and related clerks, Permanent	4	13	30.80	55	13,741
Light vehicle drivers, Permanent	2	9	22.20	13	6,278
Logistical support personnel, Permanent	-	2	-	-	-
Material-recording and transport clerks, Permanent	-	8	-	-	-
Messengers porters and deliverers, Permanent	1	5	20	15	15,212
Other administration & related clerks and organisers, Permanent	9	55	16.40	235	26,071
Other administrative policy and related officers, Permanent	18	74	24.30	359	19,917
Other information technology personnel, Permanent	2	3	66.70	42	20,966
Quantity surveyors & related prof not class elsewhere, Permanent	-	3	-	-	-
Risk management and security services, Permanent	-	3	-	-	-
Secretaries & other keyboard operating clerks, Permanent	5	23	21.70	68	13,627
Senior managers, Permanent	-	19	-	-	-
Trade labourers, Permanent	7	17	41.20	63	8,928
Total	141	709	19.90	2,660	18,868

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

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	3	25	74	124	41	0.5
Band B	-	6	18	-	-	-
Band C	-	2	6	-	-	-
Band D	-	1	3	-	-	-
Total	3	34	100	124	41	0.5

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 2017 and 31 March 2018

Salary band	1 April 2017		31 March 2018		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 2017 and 31 March 2018

Major occupation	1 April 2016		31 March 2017		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 2017 to 31 December 2017

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	-	-	-	-	-	-
Skilled (levels 3-5)	841	74.20	91	18.50	9	607
Highly skilled production (levels 6-8)	1,674	72.20	198	40.30	8	2,373
Highly skilled supervision (levels 9 -12)	960	73.90	122	24.80	8	2,279
Top and Senior management (levels 13-16)	160	80.00	19	3.90	8	604
Contract (Level 1 – 2)	-	-	-	-	-	-
Contract (Level 3 – 5)	4	75.00	2	0.40	2	3
Contract (Level 6 – 8)	115	56.50	21	4.30	5	128
Contract (Level 9 – 12)	183	74.90	30	6.10	6	439
Contract (Level 13 – 16)	-	-	-	-	-	-
Contract Other	23	65.20	8	1.60	3	7
Total	3,960	73.00	491	100	8	6,441

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	111	100	7	25.9	16	70
Highly skilled production (Levels 6-8)	201	100	14	51.9	14	300
Highly skilled supervision (Levels 9-12)	73	100	5	18.5	15	165
Senior management (Levels 13-16)	22	100	1	3.7	22	78
Contract (Levels 13-16)	-	-	-	-	-	-
Total	407	100	27	100	15	613

Table 3.10.3 Annual Leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	-	-	-
Skilled Levels 3-5)	2,330	20	117
Highly skilled production (Levels 6-8)	5,815	23	253
Highly skilled supervision (Levels 9-12)	3,700	22	168
Senior management (Levels 13-16)	484	16	30
Contract Other	115	6	19
Contract (Level 1 – 2)	-	-	-
Contract (Level 3 – 5)	164	7	23
Contract (Level 6 – 8)	743	11	68
Contract (Level 9 – 12)	1,215	14	87
Contract (Level 13 – 16)	134	15	9
Total	14,700	134	110

Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017

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)	2	1	2	68
Highly skilled production (Levels 6-8)	39	10	4	74
Highly skilled supervision (Levels 9-12)	28	5	6	78
Senior management (Levels 13-16)	-	-	-	97
Total	69	16	4	75

Table 3.10.5 Leave payouts for the period 1 April 2017 and 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-outs for 2015/16 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave pay-outs on termination of service for 2015/16	4,426	26	170
Current leave pay-outs on termination of service for 2015/16	-	-	-
Total	4,426	26	170

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 SC Kheswa – Director: Human Resource 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.
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 2017 and 31 March 2018

Total number of Collective agreements	None
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Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 and 31 March 2018

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	2	13.3
Verbal warning	5	33.4
Written warning	-	-
Final written warning	2	13.3
Suspended without pay	2	13.3
Fine	-	-
Demotion	-	-
Dismissal	2	13.3
Not guilty	1	6.7
Case withdrawn	1	6.7
Contract not renewed	-	-
Total	15	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 and 31 March 2018

Type of misconduct	Number	% of total
Fruitless expenditure	-	-
Insolent behaviour	2	28.6
Failure to comply with transport prescripts	3	42.8
Misuse of state vehicle	2	28.6
Total	7	100

Table 3.12.4 Grievances logged for the period 1 April 2017 and 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	12	80
Number of grievances not resolved	3	20
Total number of grievances lodged	15	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2017 and 31 March 2018

Disputes	Number	% of Total
Number of disputes upheld	4	100
Number of disputes dismissed	-	-
Total number of disputes lodged	4	100

Table 3.12.6 Strike actions for the period 1 April 2017 and 31 March 2018

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 2017 and 31 March 2018

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

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 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	74	-	<ul style="list-style-type: none"> • Project Management • Project KHAEDU 	-	74
	Male	58	-	<ul style="list-style-type: none"> • Occupational Health and Safety • Supervisory • Property Management • Customer care • Accelerated Development Programme • Leadership course for Middle Managers • Contract Management • Ms SharePoint • Ms Excel • EPMDS course • People Management • It Security and Governance • Financial Management & Budgeting • Financial Management • Change Management • PERSAL • Chairing Meeting Effectively • Labour Relations for Managers in the Public Service • Paralegal • Research Methodology • HSS • BAS • Mentoring for growth • Orgplus • M & E : Qualitative Research for Methods • Presentation skills • Facilitation skills • Ms Word 	-	58

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				<ul style="list-style-type: none"> • Policy development • Women in Management • Diversity Management • Ms Project Server • SAMTRAC • Organisational Design • Risk Management • Effective Management Principles for Junior Managers • IsiZulu • Ms PowerPoint • Conflict Management 		
Professional	Female	67	-	<ul style="list-style-type: none"> • Problem Solving and Decision making 	-	67
	Male	46	-	<ul style="list-style-type: none"> • Chairing Meeting Effectively • Risk Management • Ms PowerPoint • Project Management • Ms Excel • GRAPP • EPMDS Course • PERSAL • Embracing Diversity • BAS • Risk Management • Writing skills • Paralegal • Moderation • Supervisory • Sign Language • Facilitation skills • Presentation Skills • Assessor • Leadership course for Middle Managers • Effective Management Principles for Junior Managers • Orgplus • Organisational Design • Train the trainer • Writing Minutes of meeting • ETDP Course • Moderation and Evaluation • Research Methodology • Diversity Management • Policy development 		46

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	18	-	<ul style="list-style-type: none"> • Communication 	-	18
	Male	77	-	<ul style="list-style-type: none"> • Problem Solving and Decision making • Mentoring for growth • Customer care • Ms Word • Occupational Health and Safety • Project Management • Financial Management • Supervisory • Construction Management • HSS • Leadership course for Middle Managers • SAMTRAC • Writing Minutes of Meeting • Chairing of meeting effectively • Facilitation skills • Presentation skills • Advanced Management Development Programme • Public service Administration Skills • Contract management • Monitoring and Evaluation • Ms Excel • NHRBC Training • Ms PowerPoint • Effective Management Principles for Junior Managers • Developing people • Ms Project • Policy development • Records Management • Writing skills • Ms Internet • Property Management • People management • Moderation • Women in Management • Conflict Management • Ms Access • Ms Outlook • Assessor • Web Design / Development • IT Governance • A+ Certificate • Time Management • PAJA • Ms SharePoint • Risk Management • IsiZulu • Diversity Management • Accelerated Development Programme 		77

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Female	164	-	• Writing skills	-	164
	Male	106	-	• Public Service Administration Skills • Customer Care • Project Management • Chairing meetings Effectively • Occupational Health and Safety • Financial Management • Writing minutes of meetings • Problem Solving and decision making • Diversity Management • Monitoring and evaluation • Mentoring for growth • Policy development • Ms Excel • Ms Project • Contract Management • PAJA • Effective Management Principles for Junior Managers • Records Management • Labour Relations • Supervisory • PERSAL • Orgplus • Job Evaluation • A+ Certificate • Fleet Management • Ms PowerPoint • N+ Certificate • Occupation Health and Safety • Presentation Skills • Facilitation Skills • Communication • Ms Word • IT Governance • EPMDS Course • Women in Management • Developing people • Leadership course for Middle Managers	-	106
Service and sales workers	Female	1	-	-	-	1
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	28	-	• Artisan Development	-	28
	Male	29	-	• Inspection Training • Project Management • Ms Outlook • Introduction to computer • Ms Word	-	29
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Plant and machine operators and assemblers	Female	1	-	<ul style="list-style-type: none"> • Artisan Development 	-	1
	Male	1	-	<ul style="list-style-type: none"> • Customer Care • Introduction to computer • Mentoring for growth • Trade Test • Ms Excel • Writing Skills • Problem Solving and decision making • Ms Word • Financial Management 	-	1
Elementary occupations	Female	5	-	<ul style="list-style-type: none"> • Customer Care • Artisan Development 	-	5
	Male	28	-	<ul style="list-style-type: none"> • Public Service Administration Skills • Writing skills • Introduction to computer • Ms Outlook • Trade Test • Ms Word 	-	28
Sub Total	Female	358	-	-	-	358
	Male	345	-	-	-	345
Total		703	-	-	-	703

Table 3.13.2 Training provided for the period 1 April 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	16	-	<ul style="list-style-type: none"> • Ethical leadership Workshop • African leadership Programme 	-	25
	Male	15	-	<ul style="list-style-type: none"> • Monitoring and Evaluation Training • Public Sector Administrative Skills • Chairing of Meeting Effectively • Leading Innovation • Leading Innovation in the Public Service • Mentoring for Growth for Women • Woman in Management Development • Evaluation Course • Leading Innovation Course 	-	14
Professionals	Female	219	-	<ul style="list-style-type: none"> • Public Sector Administrative Skills • Customer Care: The Batho Pele Way 	-	12
	Male	157	-	<ul style="list-style-type: none"> • Chairing of Meeting Effectively • Women in Management Development • Financial Literacy • Design & Develop Learning Programmes • CIP Module 2 Level 6-12 • Evaluation Course 	-	7
Technicians and associate professionals	Female	83	-	<ul style="list-style-type: none"> • Public Sector Administrative Skills • Customer Care: The Batho Pele Way 	-	3
	Male	137	-	<ul style="list-style-type: none"> • Chairing of Meeting Effectively • CIP Module 2 Level 6-12 	-	3

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Female	44	-	<ul style="list-style-type: none"> Public Sector Administrative Skills Customer Care: The Batho Pele Way Persal Introduction Course Chairing of Meeting Effectively Financial Literacy Design & Develop Learning Programmes CIP Module 2 Level 6-12 Woman in Management Development Evaluation Course 	-	44
	Male	85	-		-	9
Service and sales workers	Female	-	-		-	-
	Male	-	-		-	-
Skilled agriculture and fishery workers	Female	2	-	Financial Literacy	-	-
	Male	20	-		-	2
Craft and related trades workers	Female	-	-		-	-
	Male	-	-		-	-
Plant and machine operators and assemblers	Female	9	-	<ul style="list-style-type: none"> Customer Care: The Batho Pele Way Plumbing and Trade Test Financial Literacy CIP Module 2 Level 6-12 	-	1
	Male	7	-		-	7
Elementary occupations	Female	8	-	Customer Care: The Batho Pele Way Financial Literacy	-	1
	Male	7	-		-	1
Sub Total	Female	381	-	-	-	86
	Male	428	-	-	-	43
Total		809	-	-	-	129

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 2017 and 31 March 2018

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:

The rendering of expert advice;

The drafting of proposals for the execution of specific tasks; and

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 2017 and 31 March 2018

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 2017 and 31 March 2018

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 2017 and 31 March 2018

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 2017 and 31 March 2018

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 2017 and 31 March 2018

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	-	-	-	-



Deputy Minister Zoliswa Kota-Fredericks, MEC Ravi Pillay and iMpendle Mayor Sizwe Ndlela launch the Women's Build Programme in iMpendle. Young women received CETA accredited training in bricklaying, plastering, roofing and carpentry

PART E:

FINANCIAL INFORMATION VOTE 8

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 146 to 214, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, 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 2018, 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, 2017 (Act No. 3 of 2017) (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 the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) 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 code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Uncertainty relating to the future outcome of exceptional litigation

7. With reference to note 18 to the financial statements, the department is the defendant in various claims. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Irregular expenditure under investigation

8. As disclosed in note 24.3 to the financial statements, the department had incurred expenditure of R5,26 billion in the prior years which is under investigation in order to determine if it is irregular or not.

Responsibilities of accounting officer for the financial statements

9. 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.
10. 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 accounting officer either intends to liquidate the department or to cease operations, or there is no realistic alternative but to do so.

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

11. 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.
12. 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

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 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.
14. My procedures address the reported performance information, which must be based on the department's approved performance planning documents. 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.
15. 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 2018:

Programmes	Pages in the annual performance report
Programme 3 – housing development	53 – 61
Programme 4 – housing asset management, property management	62 – 65

16. 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.
17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes tabulated in paragraph 16 of this report.

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. The annual performance report on pages 47 to 65 contains information on the achievement of planned targets for the year and explanations are also provided for the under/ over achievement of a significant number of targets.

Adjustment of material misstatements

20. 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 and programme 4 – housing asset management, property management. I did not raise any material findings on the usefulness and reliability of the reported performance information as management subsequently corrected the misstatements.

Report on the audit of compliance with legislation

Introduction and scope

21. 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.

Procurement and contract management

22. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.
23. Sufficient appropriate audit evidence could not be obtained that quotations were awarded to suppliers whose tax matters have been declared by the South African Revenue Services to be in order as required by as required by treasury regulations 16A9.1(d).
24. Some of the bid documentation for procurement of commodities designated for local content and production, did not meet the stipulated the minimum threshold for local production and content as required by the Preferential Procurement Regulation 8(2) of 2017, issued in terms of the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 2000) (PPPFA).
25. Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the preferential procurement regulations of 2017, issued in terms of the PPPFA.
26. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.2.1 and 8.2.2.

Other information

27. 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 in this auditor's report.
28. 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.
29. 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.
30. After I 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

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

Financial management

32. Non-compliance could have been prevented, had management updated compliance checklists with all the required procurement and contract management prescripts.

Other reports

33. 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

34. At the request of the department, Provincial Treasury conducted three investigations that covered the periods 1 April 2009 to 31 March 2018 relating to various procurement irregularities. One case has been completed and a criminal case was registered and subsequently closed. The other two cases are still in progress.

Auditor General

Auditor-General

Pietermaritzburg

31 July 2018



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 Department of Human Settlement’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of 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 2018

Appropriation per programme										
Programme	2017/18					2016/17				
	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	214,780	-	518	215,298	217,793	(2,495)	101.2	205,279	205,279	
2. Housing Needs, Research and Planning	16,679	-	(168)	16,511	16,511	-	100.0	15,928	15,928	
3. Housing Development	3,637,834	-	(350)	3,637,484	3,652,475	(14,991)	100.4	3,114,986	3,113,612	
4. Housing Asset Management, Property Management	197,441	-	-	197,441	179,955	17,486	91.1	194,184	194,184	
Total	4,066,734	-	-	4,066,734	4,066,734	-	100.0	3,530,377	3,529,003	
Add										
Departmental receipts				61,283				16,063		
Actual amounts per statement of financial performance (total revenue)				4,128,017				3,546,440		
Actual amounts per statement of financial performance (total expenditure)					4,066,734				3,529,003	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Economic classification	Appropriation per economic classification									
	2017/18					2016/17				
	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	469,792	14,333	(688)	483,437	484,804	(1,367)	100.3	451,140	457,004	
Compensation of employees	307,039	-	(5,308)	301,731	298,724	3,007	99.0	289,435	280,036	
Salaries and wages	273,105	-	(4,729)	268,376	266,503	1,873	99.3	258,502	248,894	
Social contributions	33,934	-	(579)	33,355	32,221	1,134	96.6	30,933	31,142	
Goods and services	162,753	14,333	4,605	181,691	186,065	(4,374)	102.4	161,306	176,569	
Administrative fees	699	-	13	712	533	179	74.9	638	582	
Advertising	438	-	671	1,109	895	214	80.7	1,294	768	
Minor assets	1,531	-	(8)	1,523	993	530	65.2	2,488	2,304	
Audit costs: External	8,104	-	(1,177)	6,927	6,927	-	100.0	5,815	5,815	
Bursaries: Employees	150	-	75	225	225	-	100.0	164	164	
Catering: Departmental activities	4,980	-	231	5,211	4,553	658	87.4	5,574	6,101	
Communication	7,919	-	(3,696)	4,223	4,211	12	99.7	7,050	7,308	
Computer services	10,404	-	514	10,918	11,806	(888)	108.1	10,901	10,701	
Consultants: Business and advisory services	2,828	8,340	161	11,329	13,095	(1,766)	115.6	17,972	30,268	
Infrastructure and planning services	37,724	5,716	1,309	44,749	44,749	-	100.0	3,847	4,595	
Laboratory services	-	-	-	-	-	-	-	-	-	
Scientific and technological services	-	-	-	-	-	-	-	-	-	
Legal services	3,130	277	47	3,454	3,276	178	94.8	2,228	2,532	
Contractors	10,430	-	(2,406)	8,024	8,024	-	100.0	17,118	8,697	
Agency and support / outsourced services	-	-	-	-	-	-	-	103	125	
Entertainment	-	-	-	-	-	-	-	-	-	
Fleet services	4,816	-	814	5,630	5,630	-	100.0	4,611	4,701	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Appropriation per economic classification									
Economic classification	2017/18					2016/17			
	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
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	41	-	-	41	-	41	-	18	543
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	7	-	(5)	2	-	2	-	30	25
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	20	-	(20)	-	-	-	-	58	58
Inventory: Materials and supplies	-	-	-	-	-	-	-	526	890
Inventory: Medical supplies	-	-	-	-	-	-	-	10	3
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	1,269	-	1,054	2,323	2,237	86	96.3	305	531
Consumable: Stationery, printing and office supplies	1,433	-	(383)	1,050	1,006	44	95.8	1,357	1,346
Operating leases	21,178	-	5,853	27,031	28,609	(1,578)	105.8	30,764	30,966
Property payments	25,782	-	1,831	27,613	30,384	(2,771)	110.0	27,877	32,514
Transport provided: Departmental activity	974	-	4	978	563	415	57.6	1,564	1,207
Travel and subsistence	13,451	-	(305)	13,146	13,146	-	100.0	10,986	12,903
Training and development	1,532	-	(174)	1,358	1,358	-	100.0	1,086	4,621
Operating payments	1,510	-	(478)	1,032	1,014	18	98.3	1,527	1,359
Venues and facilities	641	-	-	641	389	252	60.7	507	667
Rental and hiring	1,762	-	680	2,442	2,442	-	100.0	4,888	4,275

APPROPRIATION STATEMENT for the year ended 31 March 2018

Appropriation per economic classification									
Economic classification	2017/18					2016/17			
	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
Interest and rent on land	-	-	15	15	15	-	100.0	399	399
Interest	-	-	15	15	15	-	100.0	399	399
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3,565,526	(14,333)	338	3,551,531	3,548,460	3,071	99.9	3,052,567	3,065,932
Provinces and municipalities	124,460	141,725	-	266,185	257,039	9,146	96.6	86,137	124,345
Provinces	250	-	-	250	105	145	42.0	-	52
Provincial Revenue Funds	-	-	-	-	-	-	-	-	52
Provincial agencies and funds	250	-	-	250	105	145	42.0	-	-
Municipalities	124,210	141,725	-	265,935	256,934	9,001	96.6	86,137	124,293
Municipal bank accounts	124,210	141,725	-	265,935	256,934	9,001	96.6	85,792	124,161
Municipal agencies and funds	-	-	-	-	-	-	-	345	132
Departmental agencies and accounts	197,441	-	-	197,441	179,955	17,486	91.1	212,184	194,114
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	197,441	-	-	197,441	179,955	17,486	91.1	212,184	194,114
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	100,000	100,000
Public corporations	-	-	-	-	-	-	-	100,000	100,000
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	100,000	100,000
Private enterprises	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT for the year ended 31 March 2018

Economic classification	Appropriation per economic classification									
	2017/18					2016/17				
	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	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	3,243,625	(156,058)	338	3,087,905	3,111,466	(23,561)	100.8	2,654,246	2,647,473	
Social benefits	2,999	-	338	3,337	3,452	(115)	103.4	2,488	2,607	
Other transfers to households	3,240,626	(156,058)	-	3,084,568	3,108,014	(23,446)	100.8	2,651,758	2,644,866	
Payments for capital assets	31,416	-	-	31,416	33,120	(1,704)	105.4	26,199	5,596	
Buildings and other fixed structures	26,026	-	-	26,026	29,913	(3,887)	114.9	21,754	1,712	
Buildings	26,026	-	-	26,026	29,913	(3,887)	114.9	-	-	
Other fixed structures	-	-	-	-	-	-	-	21,754	1,712	
Machinery and equipment	5,390	-	-	5,390	3,207	2,183	59.5	4,445	3,884	
Transport equipment	1,050	-	-	1,050	960	90	91.4	500	455	
Other machinery and equipment	4,340	-	-	4,340	2,247	2,093	51.8	3,945	3,429	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	350	350	350	-	100.0	471	471	
Total	4,066,734	-	-	4,066,734	4,066,734	-	100.0	3,530,377	3,529,003	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 1: Administration										
Sub-programme	2017/18					2016/17				
	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. Corporate Services	214,780	-	518	215,298	217,793	(2,495)	101.2	205,279	205,279	
Total for sub-programme	214,780	-	518	215,298	217,793	(2,495)	101.2	205,279	205,279	
Economic classification										
Current payments	208,577	-	44	208,621	213,228	(4,607)	102.2	197,904	198,248	
Compensation of employees	127,367	-	(524)	126,843	126,843	-	100.0	118,155	118,155	
Salaries and wages	108,993	-	(383)	108,610	108,610	-	100.0	101,115	101,115	
Social contributions	18,374	-	(141)	18,233	18,233	-	100.0	17,040	17,040	
Goods and services	81,210	-	568	81,778	86,385	(4,607)	105.6	79,352	79,696	
Administrative fees	450	-	-	450	290	160	64.4	292	292	
Advertising	415	-	-	415	201	214	48.4	386	386	
Minor assets	674	-	-	674	540	134	80.1	1,399	1,399	
Audit costs: External	8,104	-	(1,177)	6,927	6,927	-	100.0	5,815	5,815	
Bursaries: Employees	150	-	75	225	225	-	100.0	164	164	
Catering: Departmental activities	188	-	-	188	134	54	71.3	108	108	
Communication	7,379	-	(3,696)	3,683	3,683	-	100.0	4,563	4,563	
Computer services	10,087	-	501	10,588	11,488	(900)	108.5	10,518	10,518	
Consultants: Business and advisory services	46	-	161	207	207	-	100.0	89	89	
Infrastructure and planning services	-	-	-	-	-	-	-	-	-	
Laboratory services	-	-	-	-	-	-	-	-	-	
Scientific and technological services	-	-	-	-	-	-	-	-	-	
Legal services	2,930	-	-	2,930	2,752	178	93.9	1,339	1,339	
Contractors	2,876	-	166	3,042	3,042	-	100.0	3	3	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 1: Administration										
Sub-programme	2017/18					2016/17				
	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	
Agency and support / outsourced services	-	-	-	-	-	-	-	103	103	
Entertainment	-	-	-	-	-	-	-	-	-	
Fleet services	4,425	-	770	5,195	5,195	-	100.0	4,268	4,268	
Housing	-	-	-	-	-	-	-	-	-	
Inventory: Clothing material and supplies	3	-	-	3	-	3	-	1	1	
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and food supplies	1	-	-	1	-	1	-	8	8	
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-	
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	40	40	
Inventory: Materials and supplies	-	-	-	-	-	-	-	520	520	
Inventory: Medical supplies	-	-	-	-	-	-	-	3	3	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other supplies	-	-	-	-	-	-	-	-	-	
Consumable supplies	1,017	-	-	1,017	930	87	91.4	197	197	
Consumable: Stationery, printing and office supplies	1,323	-	(367)	956	955	1	99.9	1,267	1,267	
Operating leases	20,803	-	5,853	26,656	28,424	(1,768)	106.6	30,517	30,517	
Property payments	13,644	-	-	13,644	16,415	(2,771)	120.3	12,655	12,999	
Transport provided: Departmental activity	-	-	4	4	4	-	100.0	-	-	
Travel and subsistence	4,181	-	(804)	3,377	3,377	-	100.0	3,483	3,483	
Training and development	1,432	-	(581)	851	851	-	100.0	631	631	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 1: Administration									
Sub-programme	2017/18					2016/17			
	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
Operating payments	1 082	-	(337)	745	745	-	100.0	983	983
Venues and facilities	-	-	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	397	397
Interest	-	-	-	-	-	-	-	397	397
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 639	-	150	1 789	1 643	146	91.8	3 250	3 037
Provinces and municipalities	250	-	-	250	104	146	41.6	345	132
Provinces	250	-	-	250	104	146	41.6	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	250	-	-	250	104	146	41.6	-	-
Municipalities	-	-	-	-	-	-	-	345	132
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	345	132
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 2018

Programme 1: Administration										
Sub-programme	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Other transfers to public corporations	-	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-
Households	1,389	-	150	1,539	1,539	-	100.0	2,905	2,905	
Social benefits	752	-	150	902	983	(81)	109.0	1,674	1,674	
Other transfers to households	637	-	-	637	556	81	87.3	1,231	1,231	
Payments for capital assets	4,564	-	-	4,564	2,598	1,966	56.9	3,654	3,523	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	4,564	-	-	4,564	2,598	1,966	56.9	3,654	3,523	
Transport equipment	1,050	-	-	1,050	960	90	91.4	500	455	
Other machinery and equipment	3,514	-	-	3,514	1,638	1,876	46.6	3,154	3,068	
Heritage assets	-	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	324	324	324	-	100.0	471	471	
Total	214,780	-	518	215,298	217,793	(2,495)	101.2	205,279	205,279	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 1.1 Corporate Services									
2017/18					2016/17				
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	208,577	-	44	208,621	213,228	(4,607)	102.2	197,904	198,248
Compensation of employees	127,367	-	(524)	126,843	126,843	-	100.0	118,155	118,155
Goods and services	81,210	-	568	81,778	86,385	(4,607)	105.6	79,352	79,696
Interest and rent on land	-	-	-	-	-	-	-	397	397
Transfers and subsidies	1,639	-	150	1,789	1,643	146	91.8	3,250	3,037
Provinces and municipalities	250	-	-	250	104	146	41.6	345	132
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,389	-	150	1,539	1,539	-	100.0	2,905	2,905
Payments for capital assets	4,564	-	-	4,564	2,598	1,966	56.9	3,654	3,523
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4,564	-	-	4,564	2,598	1,966	56.9	3,654	3,523
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	324	324	324	-	100.0	471	471
Total	214,780	-	518	215,298	217,793	(2,495)	101.2	205,279	205,279

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 2: Housing Needs, Research and Planning									
Sub-programme	2017/18					2016/17			
	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	353	-	(17)	336	336	-	100.0	400	400
2. Policy	4,226	-	(305)	3,921	3,921	-	100.0	4,087	4,087
3. Planning	3,740	-	-	3,740	3,740	-	100.0	3,598	3,598
4. Research	8,360	-	154	8,514	8,514	-	100.0	7,843	7,843
Total for sub-programmes	16,679	-	(168)	16,511	16,511	-	100.0	15,928	15,928
Economic classification									
Current payments	16,668	-	(191)	16,477	16,476	1	100.0	15,875	15,875
Compensation of employees	13,674	-	(92)	13,582	13,581	1	100.0	12,991	12,991
Salaries and wages	11,457	-	346	11,803	11,804	(1)	100.0	11,306	11,306
Social contributions	2,217	-	(438)	1,779	1,777	2	99.9	1,685	1,685
Goods and services	2,994	-	(99)	2,895	2,895	-	100.0	2,884	2,884
Administrative fees	40	-	(4)	36	36	-	100.0	37	36
Advertising	5	-	15	20	20	-	100.0	-	-
Minor assets	20	-	(8)	12	12	-	100.0	67	67
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	1,813	-	231	2,044	2,044	-	100.0	1,456	1,456
Communication	-	-	-	-	-	-	-	241	243
Computer services	47	-	13	60	60	-	100.0	21	21
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 2: Housing Needs, Research and Planning									
Sub-programme	2017/18					2016/17			
	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
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	6	-	(5)	1	-	1	-	3	2
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	20	-	(20)	-	-	-	-	10	10
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	4	-	-	4	5	(1)	125.0	1	1
Consumable: Stationery, printing and office supplies	33	-	(16)	17	17	-	100.0	64	64
Operating leases	-	-	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 2: Housing Needs, Research and Planning									
Sub-programme	2017/18					2016/17			
	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
Travel and subsistence	889	-	(188)	701	701	-	100.0	703	703
Training and development	100	-	(100)	-	-	-	-	280	280
Operating payments	17	-	(17)	-	-	-	-	1	1
Venues and facilities	-	-	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	22	22	22	-	100.0	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
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 2018

Programme 2: Housing Needs, Research and Planning									
Sub-programme	2017/18					2016/17			
	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
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	22	22	22	-	100.0	-	-
Social benefits	-	-	22	22	22	-	100.0	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	11	-	-	11	12	(1)	109.1	53	53
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	11	-	-	11	12	(1)	109.1	53	53
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	11	-	-	11	12	(1)	109.1	53	53
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	1	1	1	-	100.0	-	-
Total	16,679	-	(168)	16,511	16,511	-	100.0	15,928	15,928

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 2.1 Administration										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Economic classification	353	-	(17)	336	336	-	100.0	363	363	
Current payments										
Compensation of employees	346	-	(11)	335	335	-	100.0	311	311	
Goods and services	7	-	(6)	1	1	-	100.0	52	52	
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								37	37	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	-	-	-	-	-	-	-	37	37	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets										
Total	353	-	(17)	336	336	-	100.0	400	400	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 2.2 Policy									
2017/18									
2016/17									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification	4,215	-	(327)	3,888	3,887	1	100.0	4,087	4,087
Current payments	4,022	-	(187)	3,835	3,834	1	100.0	3,974	3,974
Compensation of employees	193	-	(140)	53	53	-	100.0	113	113
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	22	22	22	-	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	-	-	22	22	22	-	100.0	-	-
Payments for capital assets	11	-	-	11	12	(1)	109.1	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	11	-	-	11	12	(1)	109.1	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	4,226	-	(305)	3,921	3,921	-	100.0	4,087	4,087

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 2.3 Planning									
2017/18									
2016/17									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	3,740	-	-	3,740	3,740	-	100.0	3,598	3,598
Compensation of employees	3,572	-	38	3,610	3,610	-	100.0	3,385	3,385
Goods and services	168	-	(38)	130	130	-	100.0	213	213
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	3,740	-	-	3,740	3,740	-	100.0	3,598	3,598

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 2.4 Research										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Economic classification	8,360	-	153	8,513	8,513	-	100.0	7,827	7,827	
Current payments										
Compensation of employees	5,734	-	68	5,802	5,802	-	100.0	5,321	5,321	
Goods and services	2,626	-	85	2,711	2,711	-	100.0	2,506	2,506	
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	-	-	-	-	-	-	-	16	16	
Machinery and equipment	-	-	-	-	-	-	-	16	16	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets										
	-	-	1	1	1	-	100.0	-	-	
Total	8,360	-	154	8,514	8,514	-	100.0	7,843	7,843	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 3: Housing Development											
Sub-programme	2017/18						2016/17				
	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	90,945	-	(350)	90,595	88,121	2,474	97.3	86,782	87,407		
2. Financial Interventions	469,779	95,345	41,581	606,705	606,705	-	100.0	420,009	374,583		
3. Incremental Interventions	1,988,436	(95,345)	(540,491)	1,352,600	1,352,987	(387)	100.0	1,522,832	1,259,157		
4. Social and Rental Interventions	108,150	-	176	108,326	108,326	-	100.0	225,490	231,477		
5. Rural Interventions	980,524	-	498,734	1,479,258	1,496,336	(17,078)	101.2	859,873	1,160,988		
Total for sub-programmes	3,637,834	-	(350)	3,637,484	3,652,475	(14,991)	100.4	3,114,986	3,113,612		
Economic classification											
Current payments	244,547	14,333	(541)	258,339	255,100	3,239	98.7	237,361	242,881		
Compensation of employees	165,998	-	(4,692)	161,306	158,300	3,006	98.1	158,289	148,890		
Salaries and wages	152,655	-	(4,692)	147,963	146,089	1,874	98.7	146,081	136,473		
Social contributions	13,343	-	-	13,343	12,211	1,132	91.5	12,208	12,417		
Goods and services	78,549	14,333	4,136	97,018	96,785	233	99.8	79,070	93,989		
Administrative fees	209	-	17	226	207	19	91.6	309	254		
Advertising	18	-	656	674	674	-	100.0	908	382		
Minor assets	837	-	-	837	441	396	52.7	1,022	838		
Audit costs: External	-	-	-	-	-	-	-	-	-		
Bursaries: Employees	-	-	-	-	-	-	-	-	-		
Catering: Departmental activities	2,979	-	-	2,979	2,375	604	79.7	4,010	4,537		
Communication	540	-	-	540	528	12	97.8	2,246	2,502		
Computer services	270	-	-	270	258	12	95.6	362	162		
Consultants: Business and advisory services	2,782	8,340	-	11,122	12,888	(1,766)	115.9	17,883	30,179		
Infrastructure and planning services	37,724	5,716	1,309	44,749	44,749	-	100.0	3,847	4,595		
Laboratory services	-	-	-	-	-	-	-	-	-		
Scientific and technological services	-	-	-	-	-	-	-	-	-		

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 3: Housing Development											
Sub-programme	2017/18						2016/17				
	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		
Legal services	200	277	47	524	524	-	100.0	889	1,193		
Contractors	7,554	-	(2,572)	4,982	4,982	-	100.0	17,115	8,694		
Agency and support / outsourced services	-	-	-	-	-	-	-	-	22		
Entertainment	-	-	-	-	-	-	-	-	-		
Fleet services	391	-	44	435	435	-	100.0	343	433		
Housing	-	-	-	-	-	-	-	-	-		
Inventory: Clothing material and supplies	38	-	-	38	-	38	-	17	542		
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-		
Inventory: Food and food supplies	-	-	-	-	-	-	-	19	15		
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-		
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	8		
Inventory: Materials and supplies	-	-	-	-	-	-	-	6	370		
Inventory: Medical supplies	-	-	-	-	-	-	-	7	-		
Inventory: Medicine	-	-	-	-	-	-	-	-	-		
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-		
Inventory: Other supplies	-	-	-	-	-	-	-	-	-		
Consumable supplies	248	-	1,054	1,302	1,302	-	100.0	107	333		
Consumable: Stationery, printing and office supplies	77	-	-	77	34	43	44.2	26	15		
Operating leases	375	-	-	375	185	190	49.3	247	449		
Property payments	12,138	-	1,831	13,969	13,969	-	100.0	15,222	19,515		
Transport provided: Departmental activity	974	-	-	974	559	415	57.4	1,564	1,207		
Travel and subsistence	8,381	-	687	9,068	9,068	-	100.0	6,800	8,717		

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 3: Housing Development										
Sub-programme	2017/18					2016/17				
	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	
Training and development	-	-	507	507	507	-	100.0	175	3,710	
Operating payments	411	-	(124)	287	269	18	93.7	543	375	
Venues and facilities	641	-	-	641	389	252	60.7	507	667	
Rental and hiring	1,762	-	680	2,442	2,442	-	100.0	4,888	4,275	
Interest and rent on land	-	-	15	15	15	-	100.0	2	2	
Interest	-	-	15	15	15	-	100.0	2	2	
Rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	3,366,446	(14,333)	166	3,352,279	3,366,840	(14,561)	100.4	2,855,133	2,868,781	
Provinces and municipalities	124,210	141,725	-	265,935	256,935	9,000	96.6	85,792	124,213	
Provinces	-	-	-	-	1	(1)	-	-	52	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	52	
Provincial agencies and funds	-	-	-	-	1	(1)	-	-	-	
Municipalities	124,210	141,725	-	265,935	256,934	9,001	96.6	85,792	124,161	
Municipal bank accounts	124,210	141,725	-	265,935	256,934	9,001	96.6	85,792	124,161	
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	18,000	-	
Social security funds	-	-	-	-	-	-	-	-	-	
Departmental agencies	-	-	-	-	-	-	-	18,000	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	100,000	100,000	
Public corporations	-	-	-	-	-	-	-	100,000	100,000	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 3: Housing Development										
Sub-programme	2017/18					2016/17				
	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	
Other transfers to public corporations	-	-	-	-	-	-	-	100,000	100,000	
Private enterprises	-	-	-	-	-	-	-	-	-	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	3,242,236	(156,058)	166	3,086,344	3,109,905	(23,561)	100.8	2,651,341	2,644,568	
Social benefits	2,247	-	166	2,413	2,447	(34)	101.4	814	933	
Other transfers to households	3,239,989	(156,058)	-	3,083,931	3,107,458	(23,527)	100.8	2,650,527	2,643,635	
Payments for capital assets	26,841	-	-	26,841	30,510	(3,669)	113.7	22,492	1,950	
Buildings and other fixed structures	26,026	-	-	26,026	29,913	(3,887)	114.9	21,754	1,712	
Buildings	26,026	-	-	26,026	29,913	(3,887)	114.9	-	-	
Other fixed structures	-	-	-	-	-	-	-	21,754	1,712	
Machinery and equipment	815	-	-	815	597	218	73.3	738	238	
Transport equipment	-	-	-	-	-	-	-	-	-	
Other machinery and equipment	815	-	-	815	597	218	73.3	738	238	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	25	25	25	-	100.0	-	-	
Total	3,637,834	-	(350)	3,637,484	3,652,475	(14,991)	100.4	3,114,986	3,113,612	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 3.1 Administration										
	2017/18					2016/17				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Economic classification	88,773	-	(541)	88,232	85,841	2,391	97.3	86,001	86,691	
Current payments	83,584	-	(692)	82,892	80,734	2,158	97.4	79,109	79,154	
Compensation of employees	5,189	-	136	5,325	5,092	233	95.6	6,890	7,535	
Goods and services	-	-	15	15	15	-	100.0	2	2	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	2,047	-	166	2,213	2,213	-	100.0	696	696	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	2,047	-	166	2,213	2,213	-	100.0	696	696	
Payments for capital assets	125	-	-	125	42	83	33.6	85	20	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	125	-	-	125	42	83	33.6	85	20	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	25	25	25	-	100.0	-	-	
Total	90,945	-	(350)	90,595	88,121	2,474	97.3	86,782	87,407	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 3.2 Financial Interventions										
	2017/18					2016/17				
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	155,774	14,333	-	170,107	169,259	848	99.5	151,360	156,190	
Compensation of employees	82,414	-	(4,000)	78,414	77,566	848	98.9	79,180	69,736	
Goods and services	73,360	14,333	4,000	91,693	91,693	-	100.0	72,180	86,454	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	287,289	81,012	41,581	409,882	406,978	2,904	99.3	246,242	216,463	
Provinces and municipalities	55,210	141,725	-	196,935	196,935	-	100.0	26,792	59,071	
Departmental agencies and accounts	-	-	-	-	-	-	-	18,000	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	232,079	(60,713)	41,581	212,947	210,043	2,904	98.6	201,450	157,392	
Payments for capital assets	26,716	-	-	26,716	30,468	(3,752)	114.0	22,407	1,930	
Buildings and other fixed structures	26,026	-	-	26,026	29,913	(3,887)	114.9	21,754	1,712	
Machinery and equipment	690	-	-	690	555	135	80.4	653	218	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
Total	469,779	95,345	41,581	606,705	606,705	-	100.0	420,009	374,583	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 3.3 Incremental Interventions									
	2017/18					2016/17			
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									
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,988,436	(95,345)	(540,491)	1,352,600	1,352,987	(387)	100.0	1,522,832	1,259,157
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	100,000	100,000
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,988,436	(95,345)	(540,491)	1,352,600	1,352,987	(387)	100.0	1,422,832	1,159,157
Payments for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets									
Total	1,988,436	(95,345)	(540,491)	1,352,600	1,352,987	(387)	100.0	1,522,832	1,259,157

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 3.4 Social and Rental Interventions									
2017/18							2016/17		
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	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	108,150	-	176	108,326	108,326	-	100.0	225,490	231,477
Provinces and municipalities	69,000	-	-	69,000	60,000	9,000	87.0	59,000	65,142
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	39,150	-	176	39,326	48,326	(9,000)	122.9	166,490	166,335
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	108,150	-	176	108,326	108,326	-	100.0	225,490	231,477

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 3.5 Rural Interventions										
	2017/18					2016/17				
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	-	-	-	-	-	-	-	-	-	
Compensation of employees	-	-	-	-	-	-	-	-	-	
Goods and services	-	-	-	-	-	-	-	-	-	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	980,524	-	498,734	1,479,258	1,496,336	(17,078)	101.2	859,873	1,160,988	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	980,524	-	498,734	1,479,258	1,496,336	(17,078)	101.2	859,873	1,160,988	
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	980,524	-	498,734	1,479,258	1,496,336	(17,078)	101.2	859,873	1,160,988	

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 4: Housing Asset Management, Property Management									
Sub-programme	2017/18					2016/17			
	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	40,812	-	-	40,812	38,303	2,509	93.9	58,506	58,506
2. Sale and Transfer of Housing Properties	57,996	-	-	57,996	42,344	15,652	73.0	2,452	335
3. Housing Properties Maintenance	98,633	-	-	98,633	99,308	(675)	100.7	133,226	135,343
Total for sub-programmes	197,441	-	-	197,441	179,955	17,486	91.1	194,184	194,184
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	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 4: Housing Asset Management, Property Management									
Sub-programme	2017/18					2016/17			
	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
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	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT for the year ended 31 March 2018

Programme 4: Housing Asset Management, Property Management									
Sub-programme	2017/18					2016/17			
	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	-	-	-	-	-	-	-	-	-
Operating payments	-	-	-	-	-	-	-	-	-
Venues and facilities	-	-	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	197,441	-	-	197,441	179,955	17,486	91.1	194,184	194,114
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	197,441	-	-	197,441	179,955	17,486	91.1	194,184	194,114
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	197,441	-	-	197,441	179,955	17,486	91.1	194,184	194,114
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 2018

Programme 4: Housing Asset Management, Property Management									
Sub-programme	2017/18					2016/17			
	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
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	-	-	-	-	-	-	-	-	70
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	70
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-	-	-	-	70
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	197,441	-	-	197,441	179,955	17,486	91.1	194,184	194,184

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 4.1 Administration									
2017/18									
2016/17									
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	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	40,812	-	-	40,812	38,303	2,509	93.9	58,506	58,436
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	40,812	-	-	40,812	38,303	2,509	93.9	58,506	58,436
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	70
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	70
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	40,812	-	-	40,812	38,303	2,509	93.9	58,506	58,506

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 4.2 Sale and Transfer of Housing Properties									
2017/18									
2016/17									
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	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	57,996	-	-	57,996	42,344	15,652	73.0	2,452	335
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	57,996	-	-	57,996	42,344	15,652	73.0	2,452	335
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	57,996	-	-	57,996	42,344	15,652	73.0	2,452	335

APPROPRIATION STATEMENT for the year ended 31 March 2018

Sub-programme: 4.3 Housing Properties Maintenance									
2017/18					2016/17				
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	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	98,633	-	-	98,633	99,308	(675)	100.7	133,226	135,343
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	98,633	-	-	98,633	99,308	(675)	100.7	133,226	135,343
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	98,633	-	-	98,633	99,308	(675)	100.7	133,226	135,343

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2018

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-F) 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	215,298	217,793	(2,495)	(1%)
Explanation of variance: The over-expenditure in this programme is due to financial constraints under this programme mainly on property payments which was severely affected by the 2016/17 MTEF budget cuts.				
Programme 2: Housing Needs, Research and Planning	16,511	16,511	-	-
Programme 3: Housing Development	3,637,484	3,652,475	(14,991)	-
Explanation of variance: The over-expenditure in this programme is mainly from Rural Housing subsidy due to acceleration of service delivery. This is evident by over-expenditure in Districts which are rural dominant such as Umkhanyakhude, Ugu, etc.				
Programme 4: Housing Asset Management, Property Management	197,441	179,955	17,486	9%
Explanation of variance: The under-expenditure in this programme is a result of the following:				
i. An amount of R2,495 million was underspent from Equitable Share due to delays in the filling of vacant budgeted posts.				
ii. R14,992 million under HSDG is due to over estimation made in respect of Municipal services and rates on housing properties in the Umgungundlovu District. This provision was made to cater for arrear payments which were received and processed in the latter part of March 2017.				

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2018

4.2	Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	%
	Current payments	483,437	484,804	(1,367)	(0.3)
	Compensation of employees	301,731	298,724	3,007	1
	Goods and services	181,691	186,065	(4,374)	(2.4)
	Interest and rent on land	15	15	-	-
	Transfers and subsidies	3,551,531	3,548,460	3,071	0.1
	Provinces and municipalities	266,185	257,039	9,146	3.4
	Departmental agencies and accounts	197,441	179,955	17,486	8.9
	Higher education institutions	-	-	-	-
	Public corporations and private enterprises	-	-	-	-
	Foreign governments and international organisations	-	-	-	-
	Non-profit institutions	-	-	-	-
	Households	3,087,905	3,111,466	(23,561)	(0.8)
	Payments for capital assets	31,416	33,120	(1,704)	(5.4)
	Buildings and other fixed structures	26,026	29,913	(3,887)	(14.9)
	Machinery and equipment	5,390	3,207	2,183	40.6
	Heritage assets	-	-	-	-
	Specialised military assets	-	-	-	-
	Biological assets	-	-	-	-
	Land and subsoil assets	-	-	-	-
	Intangible assets	-	-	-	-
	Payments for financial assets	350	350	-	-
	Total	4,066,734	4,066,734	-	-

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	3,678,939	3,678,939	-	-
	EPWP	5,625	5,625	-	-

The conditional grants allocation was fully spent at year end.

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	1	4,066,734	3,530,377
Departmental revenue	2	61,283	16,063
TOTAL REVENUE		4,128,017	3,546,440
EXPENDITURE			
Current expenditure			
Compensation of employees	3	298,724	280,036
Goods and services	4	186,065	176,569
Interest and rent on land	5	15	399
Total current expenditure		484,804	457,004
Transfers and subsidies			
Transfers and subsidies	7	3,548,460	3,065,932
Total transfers and subsidies		3,548,460	3,065,932
Expenditure for capital assets			
Tangible assets	8	33,120	5,596
Total expenditure for capital assets		33,120	5,596
Payments for financial assets	6	350	471
TOTAL EXPENDITURE		4,066,734	3,529,003
SURPLUS FOR THE YEAR		61,283	17,437
Reconciliation of Net Surplus for the year			
Voted funds		-	1,374
Annual appropriation		-	2
Conditional grants		-	1,372
Departmental revenue	2	61,283	16,063
SURPLUS FOR THE YEAR		61,283	17,437

STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
ASSETS			
Current assets			
		18,780	6,105
Unauthorised expenditure	9	17,486	5,579
Cash and cash equivalents	10	4	4
Receivables	11	1,290	522
Non-current assets			
		89	395
Receivables	11	89	395
TOTAL ASSETS		18,869	6,500
LIABILITIES			
Current liabilities			
		18,750	6,262
Voted funds to be surrendered to the Revenue Fund	12	(182,514)	1,374
Departmental revenue to be surrendered to the Revenue Fund	13	1,935	2,850
Bank overdraft	14	199,238	1,985
Payables	15	91	53
TOTAL LIABILITIES		18,750	6,262
NET ASSETS		119	238
Represented by:			
Recoverable revenue		119	238
TOTAL		119	238

STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2018

	Note	2017/18	2016/17
		R'000	R'000
Recoverable revenue			
Opening balance		238	488
Transfers:		(119)	(250)
Irrecoverable amounts written off	6	(126)	(471)
Debts recovered (included in departmental receipts)		(146)	(131)
Debts raised		153	352
Closing balance		119	238

CASH FLOW STATEMENT for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		3,888,817	3,545,901
Annual appropriated funds received	1.1	3,866,734	3,530,377
Departmental revenue received	2	2,631	15,514
Interest received	2.2	19,452	10
Net (increase)/decrease in working capital		(12,331)	9,815
Surrendered to Revenue Fund		(63,572)	282,323
Current payments		(467,303)	(456,605)
Interest paid	5	(15)	(399)
Payments for financial assets		(350)	(471)
Transfers and subsidies paid		(3,548,460)	(3,065,932)
Net cash flow available from operating activities	16	(203,214)	314,632
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(33,120)	(5,596)
Proceeds from sale of capital assets	2.3	39,200	539
Net cash flows from investing activities		6,080	(5,057)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in net assets		(119)	(250)
Net cash flows from financing activities		(119)	(250)
Net (decrease)/increase in cash and cash equivalents		(197,253)	309,325
Cash and cash equivalents at beginning of period		(1,981)	(311,306)
Cash and cash equivalents at end of period	17	(199,234)	(1,981)

ACCOUNTING POLICIES for the year ended 31 March 2018

Summary of significant accounting policies

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

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

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

1 Basis of preparation

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

2 Going concern

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

3 Presentation currency

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

4 Rounding

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

5 Foreign currency translation

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

6 Comparative information

6.1 Prior period comparative information

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

6.2 Current year comparison with budget

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

7 Revenue

7.1 Appropriated funds

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

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 2018

7.3 **Accrued departmental revenue**

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

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

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

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

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

8 **Expenditure**

8.1 **Compensation of employees**

8.1.1 **Salaries and wages**

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

8.1.2 **Social contributions**

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

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

8.2 **Other expenditure**

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

8.3 **Accruals and payables not recognised**

Accruals and payables not recognised are recorded in the notes to the financial statements 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.

ACCOUNTING POLICIES for the year ended 31 March 2018

9 Aid Assistance

9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2 Aid assistance paid

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

10 Cash and cash equivalents

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

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

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

11 Prepayments and advances

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

Prepayments and advances are initially and subsequently measured at cost.

12 Loans and receivables

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

13 Investments

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

14 Financial assets

14.1 Financial assets

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 2018

16.2 Movable capital assets

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

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

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

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

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 2002 (or a later date as approved by the OAG) may be recorded at R1.

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

Subsequent expenditure 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.

ACCOUNTING POLICIES for the year ended 31 March 2018

17.4 Commitments

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

18 Unauthorised expenditure

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

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

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

19 Fruitless and wasteful expenditure

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

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

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

20 Irregular expenditure

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

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

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

21 Changes in accounting policies, accounting estimates and errors

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

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

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

22 Events after the reporting date

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

23 Principal-Agent arrangements

The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. 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.

ACCOUNTING POLICIES for the year ended 31 March 2018

- 24 Departures from the MCS requirements**
Management has concludes that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except were otherwise stated, that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed.
- 25 Capitalisation reserve**
The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.
- 26 Recoverable revenue**
Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.
- 27 Related party transactions**
A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction are / 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 weighted average cost basis.
- 29 Public-Private Partnerships**
Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.
- A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.
- 30 Employee benefits**
The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

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	2017/18			2016/17	
	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	215,298	215,298	-	205,279	205,279
2. Housing Needs, Research and Planning	16,511	16,511	-	15,928	15,928
3. Housing Development	3,637,484	3,437,484	200,000	3,114,986	3,114,986
4. Housing Asset Management, Property Management	197,441	197,441	-	194,184	194,184
Total	4,066,734	3,866,734	200,000	3,530,377	3,530,377

The additional funding of R200 million was approved in March 2018 and funds was received by the Department in April 2018.

Note	2017/18	2016/17
	R'000	R'000

1.2 Conditional grants

Total grants received	32	3,684,564	3,139,896
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2. Departmental revenue

Sales of goods and services other than capital assets	2.1	422	442
Interest, dividends and rent on land	2.2	19,452	10
Sale of capital assets	2.3	39,200	539
Transactions in financial assets and liabilities	2.4	2,209	15,072
Departmental revenue collected		61,283	16,063

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	2	422	442
Sales by market establishment		422	442
Total		422	442

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

	Note	2017/18	2016/17
		R'000	R'000
2.2 Interest, dividends and rent on land			
Interest	2	19,452	10
Total		19,452	10
2.3 Sale of capital assets			
Tangible assets	2	39,200	539
Buildings and other fixed structures	28	38,927	-
Machinery and equipment	28	273	539
Total		39,200	539
2.4 Transactions in financial assets and liabilities			
Other Receipts including Recoverable Revenue	2	2,209	15,072
Total		2,209	15,072
3. Compensation of employees			
3.1 Salaries and Wages			
Basic salary		210,832	196,188
Performance award		2,323	884
Service Based		564	280
Compensative/circumstantial		1,080	726
Periodic payments		4,074	5,616
Other non-pensionable allowances		47,630	45,201
Total		266,503	248,895
3.2 Social contributions			
Employer contributions			
Pension		21,810	20,969
Medical		10,354	10,125
Bargaining council		57	47
Total		32,221	31,141
Total compensation of employees		298,724	280,036
Average number of employees		609	611

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

	Note	2017/18	2016/17
		R'000	R'000
4. Goods and services			
Administrative fees		511	571
Advertising		895	768
Minor assets	4.1	996	2,302
Bursaries (employees)		225	163
Catering		4,553	6,105
Communication		4,212	7,301
Computer services	4.2	11,804	10,701
Consultants: Business and advisory services		13,096	30,269
Infrastructure and planning services		44,748	4,594
Laboratory services		-	-
Scientific and technological services		-	-
Legal services		3,276	2,532
Contractors		8,023	8,697
Agency and support / outsourced services		-	128
Entertainment		-	-
Audit cost – external	4.3	6,927	5,815
Fleet services		5,630	4,699
Inventory	4.4	-	1,518
Consumables	4.5	3,242	1,885
Housing		-	-
Operating leases		28,609	30,967
Property payments	4.6	30,383	32,514
Rental and hiring		2,442	4,275
Transport provided as part of the departmental activities		563	1,208
Travel and subsistence	4.7	13,146	12,895
Venues and facilities		389	667
Training and development		1,358	4,621
Other operating expenditure	4.8	1,037	1,374
Total		186,065	176,569

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

4.1 Minor assets

Tangible assets	4		
Machinery and equipment		996	2,302
Total		996	2,302

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

	Note	2017/18	2016/17
		R'000	R'000
4.2 Computer services			
SITA computer services		8,351	8,129
External computer service providers		3,453	2,572
Total		11,804	10,701
4.3 Audit cost – External			
Regularity audits		6,927	5,815
Total		6,927	5,815
4.4 Inventory			
Clothing material and accessories		-	542
Food and food supplies		-	27
Learning, teaching and support material		-	57
Materials and supplies		-	892
Total		-	1,518
4.5 Consumables			
Consumable supplies		2,236	541
Uniform and clothing		697	235
Household supplies		66	26
Building material and supplies		373	7
IT consumables		844	24
Other consumables		256	249
Stationery, printing and office supplies		1,006	1,344
Total		3,242	1,885
4.6 Property payments			
Municipal services		4,189	5,144
Property maintenance and repairs		3,056	34
Other		23,138	27,336
Total		30,383	32,514
4.7 Travel and subsistence			
Local		13,146	12,895
Foreign		-	-
Total		13,146	12,895

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
4.8 Other operating expenditure			
Professional bodies, membership and subscription fees		23	13
Resettlement costs		112	-
Other		902	1,361
Total		1,037	1,374
5. Interest and rent on land			
Interest paid		15	399
Rent on land		-	-
Total		15	399
6. Payments for financial assets			
Debts written off	6.1	350	471
Total		350	471
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	471
Supplier overpayment		189	-
Total		224	471
Total debt written off		350	471
7. Transfers and subsidies			
Provinces and municipalities	Annex 1A	257,039	124,345
Departmental agencies and accounts	Annex 1B	179,955	194,114
Public corporations and private enterprises	Annex 1C	-	100,000
Households	Annex 1D	3,111,466	2,647,473
Total		3,548,460	3,065,932
8. Expenditure for capital assets			
Tangible assets			
Buildings and other fixed structures	Annex 6	29,913	1,711
Machinery and equipment	27	3,207	3,885
Total		33,120	5,596

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

8.1 Analysis of funds utilised to acquire capital assets – 2017/18

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

8.2 Analysis of funds utilised to acquire capital assets – 2016/17

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets			
Buildings and other fixed structures	1,711	-	1,711
Machinery and equipment	3,885	-	3,885
Total	5,596	-	5,596

Note	2017/18	2016/17
	R'000	R'000

9. Unauthorised expenditure

9.1 Reconciliation of unauthorised expenditure

Opening balance	5,579	20,313
Unauthorised expenditure – discovered in current year (as restated)	17,486	-
Less: Amounts approved by Parliament/ Legislature with funding	(5,579)	(14,734)
Closing balance	17,486	5,579

Analysis of closing balance

Unauthorised expenditure awaiting authorisation	17,486	5,579
Total	17,486	5,579

9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

Current	2,495	3,132
Capital	-	-
Transfers and subsidies	14,991	2,447
Total	17,486	5,579

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Note	2017/18	2016/17
	R'000	R'000

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	17,486	5,579
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	-	-
Total	17,486	5,579

9.4 Details of unauthorised expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2017/18
		R'000
Programme 1: Administration	Budget cut constraints – property payments	2,495
Programme 3: Housing Development	Acceleration of service delivery – rural projects	14,991
Total		17,486

Note	2017/18	2016/17
	R'000	R'000

10. Cash and cash equivalents

Cash on hand	4	4
Total	4	4

11. Receivables

	Note	2017/18			2016/17		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	9	-	9	-	-	-
Staff debt	11.2	198	89	287	234	99	333
Other debtors	11.3	1,083	-	1,083	288	296	584
Total		1,290	89	1,379	522	395	917

Note	2017/18	2016/17
	R'000	R'000

11.1 Claims recoverable

National departments	9	-
Total	9	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

	Note	2017/18	2016/17
		R'000	R'000
11.2 Staff debt			
Salary		83	77
Bursary		20	20
Other		184	236
Total		287	333
11.3 Other debtors			
Supplier overpayment		-	296
Salary – reversal		-	11
KwaZulu-Natal Housing Fund		1,082	141
PSETA		-	136
Salary – tax debt		1	-
Total		1,083	584
11.4 Impairment of receivables			
Estimate of impairment of receivables		54	29
Total		54	29
12. Voted funds to be surrendered to the Revenue Fund			
Opening balance		1,374	(302,472)
Transfer from statement of financial performance (as restated)		-	1,374
Add: Unauthorised expenditure for current year	9	17,486	-
Voted funds not requested/not received	1.1	(200,000)	-
Paid during the year		(1,374)	302,472
Closing balance		(182,514)	1,374
13. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		2,850	6,936
Transfer from Statement of Financial Performance (as restated)		61,283	16,063
Paid during the year		(62,198)	(20,149)
Closing balance		1,935	2,850
14. Bank Overdraft			
Consolidated Paymaster General Account		199,238	1,985
Total		199,238	1,985

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

	Note	2017/18	2016/17
		R'000	R'000
15. Payables – current			
Clearing accounts	15.1	42	53
Other payables	15.2	49	-
Total		91	53
15.1 Clearing accounts			
Salary related		42	46
Other		-	7
Total		42	53
15.2 Other payables			
Top up on cellphone contracts (Vodacom)		49	-
Total		49	-
16. Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		61,283	17,437
Add back non cash/cash movements not deemed operating activities		(264,497)	297,195
(Increase)/decrease in receivables – current		(462)	7,199
Decrease in other current assets		5,579	14,734
Increase/(decrease) in payables – current		38	(12,118)
Proceeds from sale of capital assets		(39,200)	(539)
Expenditure on capital assets		33,120	5,596
Surrenders to Revenue Fund		(63,572)	282,323
Voted funds not received		(200,000)	-
Net cash flow generated by operating activities		(203,214)	314,632
17. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		(199,238)	(1,985)
Cash on hand		4	4
Total		(199,234)	(1,981)
18. Contingent liabilities			
Liable to			
Claims against the department	Annex 2	123,287	113,190
Intergovernmental payables (unconfirmed balances)	Annex 4	47,267	20,956
Total		170,554	134,146

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Note	2017/18	2016/17
	R'000	R'000

19. Commitments

Current expenditure

Approved and contracted	87,456	36,340
Approved but not yet contracted	25,489	15,509
	112,945	51,849

Capital expenditure

Approved and contracted	10,561	39,924
Approved but not yet contracted	3,050	2,560
	13,611	42,484

Total Commitments	126,556	94,333
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Sita, cleaning and security contracts are longer than a year.

Prior year adjustment: change in the Modified Cash Standards whereby commitments applicable to transfers and subsidies are excluded. The effect of the change in the standard resulted in the decrease in commitments by R14,211 billion.

20. Accruals and payables not recognised

20.1 Accruals

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	10,175	-	10,175	8,024
Transfers and subsidies	227	451	678	18,923
Capital assets	475	-	475	-
Other	210	-	210	-
Total	11,087	451	11,538	26,947

Listed by programme level

Programme 1	5,183	5,499
Programme 2	108	768
Programme 3	3,249	20,659
Programme 4	2,998	21
Total	11,538	26,947

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Note	2017/18	2016/17
	R'000	R'000

20.2 Payables not recognised

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	1,296	6,974	8,270	1,102
Transfers and subsidies	300,366	-	300,366	293,720
Capital assets	15	-	15	-
Total	301,677	6,974	308,651	294,822

Listed by programme level

Programme 1	4,994	653
Programme 2	4,492	965
Programme 3	298,318	292,994
Programme 4	847	210
Total	308,651	294,822

Included in the above totals are the following:

Confirmed balances with other departments	Annex 4	7,425	29,103
Total		7,425	29,103

21. Employee benefits

Leave entitlement	18,819	17,537
Service bonus (Thirteenth cheque)	7,371	7,106
Performance awards	-	-
Capped leave commitments	25,131	26,223
Other	20	-
Total	51,341	50,866

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 2018

22. Lease commitments

22.1 Operating leases

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
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

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	14,409	1,664	16,073
Later than 1 year and not later than 5 years	-	-	5,974	2,303	8,277
Later than five years	-	-	-	-	-
Total lease commitments	-	-	20,383	3,967	24,350

Operating lease commitments relates to leasing of office accommodation and photocopy machines.

22.2 Finance leases

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
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

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	2,316	2,316
Later than 1 year and not later than 5 years	-	-	-	5,598	5,598
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	7,914	7,914

Finance lease commitments relates to cell phone contracts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

	Note	2017/18	2016/17
		R'000	R'000
23. Accrued departmental revenue			
Transactions in financial assets and liabilities		14,051	13,598
Total		14,051	13,598
23.1 Analysis of accrued departmental revenue			
Opening balance		13,598	13,302
Less: amounts received		840	504
Add: amounts recognised		1,293	800
Less: amounts written-off/reversed as irrecoverable		-	-
Closing balance		14,051	13,598
24. Irregular expenditure			
24.1 Reconciliation of irregular expenditure			
Opening balance		2,920,362	418,300
Add: Irregular expenditure – relating to prior year		5,530	1,956,044
Add: Irregular expenditure – relating to current year		725,133	546,018
Closing balance		3,651,025	2,920,362
Analysis of awaiting condonation per age classification			
Current year		730,663	546,018
Prior years		2,920,362	2,374,344
Total		3,651,025	2,920,362
24.2 Details of irregular expenditure – added current year			
Incident	Disciplinary steps taken/criminal proceedings		2017/18
			R'000
Competitive bidding not followed	This case related to a contract that was declared irregular in prior years		2
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)		712,057
Non-compliance with local content	Percentage of local content for quotations not complied with		1,756
Non-compliance – deviations	Related to deviations above 20% and tax clearance certificates		16,848
Total			730,663

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

24.3 Details of irregular expenditures under investigation (not included in the main note)

		2017/18
Incident		R'000
<p>These are 215 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).</p>		
Projects under investigation		
Balance at 1 April 2017	215 projects	7,015,509
Prior period error	(5) projects	291,754
Documents / contracts reviewed – not irregular (at 01 April 2017)	(62 projects)	(2,947,017)
New projects under planning	32 projects	41,445
Expenditure incurred for projects 17/18 (projects under investigation)		857,101
Note: prior period error		
1. Arose as a result of 5 projects that were duplicated at 31 March 2017		
2. Arose as a result of incorrect number of phases where used to account for expenditure		
Total		5,258,792

24.4 Prior period error

		2016/17
		R'000
Relating to 2016/17		(385,676)
		(385,676)
Total prior period errors		(385,676)

24.5 Projects erroneously classified as irregular in prior year Details of the non-compliance where an institution was not represented in a bid committee for contracts arranged by other institutions

		2017/18
Incident		R'000
Transversal contracts for photocopy machines		3,014
Procurement for housing projects		3,523,048
Total		3,526,062

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Note	2017/18	2016/17
	R'000	R'000

25. Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

Opening balance	1,151	1,310
Prior period error	-	(603)
As restated	1,151	707
Fruitless and wasteful expenditure – relating to current year	27	444
Less: Amounts resolved	(230)	-
Closing balance	948	1,151

25.2 Analysis of awaiting resolution per economic classification

Current	948	1,151
Total	948	1,151

25.3 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Interest paid - GEPPF	Employees took early retirement	12
Interest paid – McClung Mustard Attorneys	Subsidy claim – D Mdadane	15
Total		27

25.4 Prior period error

	2016/17 R'000
Nature of prior period error	
Relating to 2013/14 (affecting the opening balance)	(603)
Supplier over-payment written-off	(603)
Total prior period errors	(607)
Relating to 2016/17	(4)
Expenditure incorrectly classified	(4)
Total prior period errors	(607)

Supplier over-payment written-off and the fruitless and wasteful expenditure note was not amended.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

26. Related party transactions

Payments made

	Note	2017/18 R'000	2016/17 R'000
Goods and services		30,977	29,272
Transfers		221,364	194,114
Total		252,341	222,386

Year end balances arising from revenue/payments

Receivables from related parties		1,082	141
Payables to related parties		-	-
Total		1,082	141

Other

Guarantees issued/received

Expenditure applicable to related party transactions:

KwaZulu-Natal Housing Fund - managed by same MEC and HOD		221,364	194,114
KwaZulu-Natal Department of Public Works - same MEC		30,977	29,272

Total		252,341	223,386
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2017/18

R'000

In kind goods and services provided/received

The Department of Human Settlements provides administrative and management services to the KwaZulu-Natal Housing Fund: shared services

5,378

The Department of Human Settlements occupies 4 buildings owned by the Department of Public Works at no cost (estimated benefit to the Department)

6,732

Total		12,110
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27. Key management personnel

	No. of Individuals	2017/18 R'000	2016/17 R'000
Officials:			
Level 15 to 16	3	4,489	4,289
Level 14 (incl. CFO if at a lower level)	4	4,819	4,635
Family members of key management personnel		-	-
Total		9,308	8,924

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

28. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE 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
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

28.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	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	2,902	-	-	424	3,326
Transport assets	960	-	-	-	960
Computer equipment	1,488	-	-	416	1,904
Furniture and office equipment	426	-	-	8	434
Other machinery and equipment	28	-	-	-	28
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	2,902	-	-	424	3,326

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

28.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	741	1,285	2,026	273
Transport assets	741	-	741	273
Computer equipment	-	1,264	1,264	-
Furniture and office equipment	-	21	21	-
Other machinery and equipment	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	741	1,285	2,026	273

28.3 Movement for 2016/17

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	62,251	-	2,461	4,616	60,096
Transport assets	31,487	-	455	1,891	30,051
Computer equipment	24,950	-	1,606	2,294	24,262
Furniture and office equipment	5,565	-	400	403	5,562
Other machinery and equipment	249	-	-	28	221
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	62,251	-	2,461	4,616	60,096

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

28.4 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	-	74	-	5,960	-	6,034
Value adjustments	-	-	-	-	-	-
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

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening Balance	-	471	-	6,120	-	6,591
Prior period error	-	-	-	-	-	-
Additions	-	-	-	254	-	254
Disposals	-	397	-	414	-	811
TOTAL MINOR ASSETS	-	74	-	5,960	-	6,034

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	3,188	-	3,188
Number of minor assets at cost	-	6	-	4,016	-	4,022
TOTAL NUMBER OF MINOR ASSETS	-	6	-	7,204	-	7,210

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

28.5 Movable assets written off

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

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2017

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	397	-	414	-	811
TOTAL MOVABLE ASSETS WRITTEN OFF	-	397	-	414	-	811

29. Intangible Capital Assets

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 2018

30. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE 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
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

30.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	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
BUILDING AND OTHER FIXED STRUCTURES	304	-	-	-	304
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	304	-	-	-	304
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	304	-	-	-	304

30.2 Movement for 2016/17

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

30.3 Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

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

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2017

Note	Opening balance 1 April 2016	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2017
Annex 7	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	245,923	-	1,711	-	247,634
TOTAL	245,923	-	1,711	-	247,634

31. Prior period errors

31.1 Correction of prior period errors

Note	Amount bef error correction 2016/17	Prior period error 2016/17	Restated Amount 2016/17
	R'000	R'000	R'000
Commitments			
19			
Balance as previously reported	14,305,379	(14,211,046)	94,333
Net effect	14,305,379	(14,211,046)	94,333

Changes to modified cash standards – refer to note 19.

Note	Amount bef error correction 2016/17	Prior period error 2016/17	Restated Amount 2016/17
	R'000	R'000	R'000
Fruitless and Wasteful Expenditure			
25			
Balance as previously reported	1,758	(607)	1,151
Net effect	1,758	(607)	1,151

Supplier over-payment was written-off and the corresponding note was not amended.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

32. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION						SPENT				2016/17	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Ad-just-ments	Total Available	Amount received by Department	Amount spent by Department	Under / (Over-spending)	% 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	3,678,939	-	-	-	3,678,939	3,678,939	3,678,939	-	100.0	3,124,702	3,123,330	
EPWP Incentive Grant	5,625	-	-	-	5,625	5,625	5,625	-	100.0	15,194	15,194	
Total	3,684,564	-	-	-	3,684,564	3,684,564	3,684,564	-	100.0	3,139,896	3,138,524	

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

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

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				2016/17	
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by Municipality R'000	Amount spent by Municipality R'000	Unspent funds R'000		% of available funds spent by Municipality %
eThekweni	86,966	-	66,469	153,435	148,449	-	-	148,449	67,507	80,942	-	88,056
Ray Nkonyeni	5,082	-	-	5,082	6,890	-	-	6,890	6,890	-	-	3,306
Msunduzi	9,688	-	28,525	38,213	40,246	-	-	40,246	11,721	28,525	-	15,780
Alfred Duma	3,959	-	29,950	33,909	32,027	-	-	32,027	2,077	29,950	-	1,544
Newcastle	8,761	-	4,076	12,837	7,918	-	-	7,918	3,842	4,076	-	4,932
uMhlatuze	2,628	-	-	2,628	1,660	-	-	1,660	1,660	-	-	1,655
KwaDukuza	7,126	-	7,608	14,734	13,590	-	-	13,590	6,006	7,584	-	3,340
Ulundi	-	-	-	-	361	-	-	361	361	-	-	5,548
Umdoni	-	-	1,304	1,304	1,304	-	-	1,304	-	1,304	-	-
Umuziwabantu	-	-	2,696	2,696	2,696	-	-	2,696	32	2,664	-	-
Umswathi	-	-	896	896	896	-	-	896	-	896	-	-
Endumeni	-	-	8	8	8	-	-	8	8	-	-	-
Msinga	-	-	-	-	696	-	-	696	-	696	-	-
Dannhauser	-	-	120	120	120	-	-	120	-	120	-	-
Mtubatuba	-	-	73	73	73	-	-	73	73	-	-	-
Other	250	-	-	250	105	-	-	105	105	-	-	184
TOTAL	124,460	-	141,725	266,185	257,039	-	-	257,039	100,282	156,757	-	124,345

We hereby certify that all monies allocated to the respective Municipalities in respect of the Human Settlement Development grant, was deposited in the Municipalities primary account. A total of R 51,025 million was transferred to various municipalities in respect of accreditation funding. Capital balances outstanding at various municipalities at 31 March 2018 - R 416,613 million.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Annexure 1B
Statement of transfers to departmental agencies and accounts

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17 Final Appropriation R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
KwaZulu-Natal Housing Fund	197,441	-	-	197,441	179,955	91.0	194,114
TOTAL	197,441	-	-	197,441	179,955	91.0	194,114

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Annexure 1C
Statement of transfers to public corporations and private enterprises

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2016/17
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Capital R'000	Current R'000	Final Appropriation R'000
Public Corporations									
Transfers									
Itihala Development Corporation	-		-		-		-		100,000
TOTAL	-		-		-		-		100,000

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Annexure 1D Statement of transfers to households

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE			2016/17 Final Appropriation R'000
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred		
	R'000	R'000	R'000	R'000	R'000	%		
Transfers								
Project Linked	652,449	-	18,249	670,698	643,219	96.0	626,472	
Individuals	111,372	-	(64,857)	46,515	17,970	39.0	11,823	
Institutional	39,150	-	176	39,326	54,151	138.0	166,414	
Rural Support	1,067,502	-	411,756	1,479,258	1,511,305	102.0	1,184,068	
Emergency Support	223,372	-	(110,000)	113,372	73,716	65.0	85,352	
Informal Settlements	789,702	-	(411,382)	378,320	378,553	100.0	226,229	
Peoples Housing Process	356,361	-	-	356,361	428,462	120.0	343,146	
Other	3,717	-	338	4,055	4,090	101.0	3,937	
Claims Against the State	-	-	-	-	-	-	2	
Consolidation	-	-	-	-	-	-	30	
Total	3,243,625	-	(155,720)	3,087,905	3,111,466	-	2,647,473	

Capital balances outstanding at various entities at 31 March 2018 - R 236,905 million.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Annexure 1E Statement of gifts, donations and sponsorships received

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
Received in kind			
Data Centrix	Tablets / Key ring, torches and pens	-	15
Tree Cities, Riverside Hotel	Accommodation voucher	4	1
Holiday Inn	Dinner vouchers / Accommodation vouchers	3	2
Mimic Designs	Printing and Design – envelopes and cards	1	-
NHBRC	Vouchers and laptop	10	22
Housing Development Agency	Shopping voucher: Incredible Connection / 3 Mini iPad	10	10
Afro Spice	Printing and Design – invitations and programmes	2	-
iThala Bank	8 Vouchers	11	-
KZN Ezemvelo Wildlife	Accommodation vouchers	-	4
Hotty's Travel and Tours	Woolworths vouchers	1	-
Sarkum Housing	Reflector and padded jackets	-	2
Nigvin Civils	Hard hats for assessment teams	-	1
Terraplan	Sun hats	-	1
Selio Construction	Laptops	-	36
LDM	Printers	-	7
Jikeleza Tours	Wine	-	10
Master Builders Association	Luggage sets / Power Banks	5	70
Vodacom	Gift sets / T/shirts and cellular phones accessories	1	10
Tongaat Hullels	Pocket note books / Gift bags	50	1
Born and Bred	Invites and programmes	-	1
Jozini Tiger Lodge	Accommodation voucher	-	1
liawa Hotel	Sleepers, towels, coasters and accommodation vouchers	-	15
Protea Hotel	Accommodation and breakfast vouchers	-	2

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
Tsogo Sun	Accommodation vouchers	-	4
Europcar	Car rental vouchers	-	2
Premier Hotel	Accommodation vouchers	-	3
Splendid Inn the Bayshore	Accommodation vouchers	-	2
Fly Mango	Flight tickets	-	4
Tourvest	Juice bottles and lunch bags	-	4
Minrat Construction	Mini Tablets	6	-
Leucor Enterprises	GMA branded key rings	4	-
Hilton Hotel	Bed and Breakfast vouchers	3	-
Total		111	230

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 2018

Annexure 1F Statement of gifts, donations and sponsorships made

NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
	R'000	R'000
Made in kind		
Uniforms - 83 pupils - Hlazatshe Primary School at the Sukuma Sakhe house handover	-	52
Donation to the Umzansi Youth in Construction (For young women)	-	50
Donation to Nelson Mandela Youth Centre "Youth careers and job expo"	-	5
Furniture for OSS beneficiaries	-	98
Payment of excess in respect of subsidised vehicles	-	2
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 woman	93	-
Donation of furniture - Gogo SF Ngwenya - Premier's programme - woman's day commemoration	18	-
Total	259	207

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Annexure 2 Statement of contingent liabilities as at 31 March 2018

Nature of Liability	Opening Balance 1 April 2017	Liabilities incurred during the year	Liabilities paid/ cancelled / reduced during the year	Liabilities recoverable	Closing Balance 31 March 2018
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Breach of contract	72,515	540	-	-	73,055
Services rendered	35,336	8,552	-	-	43,888
Arbitration	5,071	981	-	-	6,052
Staff grievances	268	292	(268)	-	292
TOTAL	113,190	10,365	(268)	-	123,287

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Annexure 3 Claims recoverable

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	
	R'000	R'000	R'000	R'000	R'000	R'000	Receipt date up to six (6) working days after year end
Department							
IPIID	9	-	-	-	9	-	-
TOTAL	9	-	-	-	9	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Annexure 4 Inter-government payables

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2017/18	Payment date up to six (6) working days before year end	Amount
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017			
Department	R'000	R'000	R'000	R'000	R'000	R'000			R'000
Current									
Transport - KZN	26	40	28	-	54	40	-	-	-
Justice and Constitutional Development	657	347	-	-	657	347	-	-	-
Public Works - KZN	2,930	27,917	46,919	20,956	49,849	48,873	-	-	-
Government Printing Works	1	4	-	-	1	4	27/03/2018	2	-
Treasury - KZN	-	154	-	-	-	154	-	-	-
GEPF	3,360	641	320	-	3,680	641	-	-	-
Human Settlements - National	451	-	-	-	451	-	-	-	-
TOTAL	7,425	29,103	47,267	20,956	54,692	50,059	-	-	2

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Annexure 5 Inventories

Inventories	2017/18 R'000	2016/17 R'000
Opening balance	239,826	299,385
Add / (Less): Adjustments to prior year balance	88,529	(3,853)
Add: Additions / Purchases - Cash	2,961,539	2,382,918
(Less): Issues	(2,269,016)	(2,438,723)
Add / (Less): Adjustments	-	99
Closing balance	1,020,878	239,826

Inventory comprises incomplete units at various stages of completion.

Adjustments to prior year balances:

2017/18 - relates to the inclusion of projects that related to bilateral agreements.

2016/17 - relates to the changes in the modified cash standards wherein inventory relating to consumable stores are excluded.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Annexure 6

Movement in capital work in progress

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

	Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	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

Age analysis on ongoing projects	Number of projects		2016/17
	Planned, Construction not started	Planned, Construction started	Total R'000
0 to 1 Year	-	-	-
1 to 3 Years	-	-	-
3 to 5 Years	-	3	11,886
Longer than 5 Years	-	-	-
Total	-	3	11,886

Owing to political instability in various areas and non-availability of suitable land.

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	245,923	-	1,711	-	247,634
Dwellings	8,651	-	-	-	8,651
Non-residential buildings	-	-	-	-	-
Other fixed structures	237,272	-	1,711	-	238,983
TOTAL	245,923	-	1,711	-	247,634

*Former Palmiet Road
Informal Settlement resident,
Ms Nonkululo Sicetsha
receives a brand new
disabled friendly housing unit
at the Cornubia Integrated
Residential Development
Programme housing project
from MEC Ravi Pillay*



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 238 to 263, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, 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 2018, 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) and the requirements of the KwaZulu Natal Housing Act No. 12 of 1998 (KNHA).

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 the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) 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 code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Material impairments

7. As disclosed in note 6 to the financial statements, a material impairment to the amount of R93,55 million (2017: R102,82 million) was incurred on receivables from exchange transactions relating to the enhanced extended discount benefit scheme policy, as the recoverability of these amounts was doubtful.

Responsibilities of the accounting officer for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the KNHA, and for such internal control as the accounting authority determines is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting authority 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 accounting authority either intends to liquidate the Housing 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 also 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 authority 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 authority to the executive authority. The audit committee's report is expected to be available to me after 31 July 2018.
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. After I 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.

Other reports

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

23. The fund performed an investigation relating to the illegal allocation of state properties to family members by an employee in 2010. This investigation was finalised in April 2018, and the employee subsequently resigned prior to the commencement of disciplinary action. A criminal case was also registered with the South African Police Services.

Auditor - General

Pietermaritzburg

31 July 2018



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 Housing 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 authority 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 authority 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.

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 Entitys 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 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of rental units transferred	525	553	779	226	Target has been exceeded. The over-achievement makes up for the shortfall in previous years.

Performance indicators

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of rental units transferred	639	655	525	553	779	226	Target has been exceeded. The over-achievement makes up for the shortfall in previous years.
Number of rental units sold to beneficiaries	-	-	-	553	232	(321)	Some tenants are reluctant to purchase due to rectification concerns or reasons.
Number of rental units devolved to municipalities in terms of Section 15 of the Housing Act, 1997	-	-	-	-	-	-	Not targeted for the current yearly.
Number of land parcels devolved to municipalities in terms of Section 15 of the Housing Act, 1997	-	-	-	20	-	(20)	As advised by the Conveyancing Attorney, clearance in respect of 18(4) Certificates by the Municipality caused the delay in the transfers.
Number of debtors reduced per financial year	-	-	-	200	222	22	Target has been exceeded. Beneficiaries are taking opportunity for home ownership, therefore conversion of rental units to sale increased the EEDBS approvals. Appointment of fieldworkers who are going door to door has also increased performance in this instrument.

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of units maintained	3,529	3,025	1,985	1,500	968	(532)	The under-performance is attributable to maintenance works being restricted to emergency and urgent works in Shallcross and Austerville where the rectification programme has commenced. Normal maintenance works has also been reduced at all Department owned properties.
Number of units rectified and / or upgraded for Pre-1994	2,082	2,094	993	1,146	669	(477)	The under-performance is inter-alia due to works being stopped in the eThekweni Projects due to previous acceleration of the construction programmes not in line with the cash flow of the Department, resulting in a debt being declared. Also the project in Collita/ Fodderville did not commence due to non-compliance with SCM processes by the Municipality.

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 2019) 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).

The entity performed an investigation relating to the illegal allocation of state properties to family members by an employee 2010. This investigation was finalised in April 2018, and the employee subsequently resigned prior to the commencement of disciplinary action. A criminal case was also registered with the South African Police Services.

Scopa resolutions

There were no Scopa resolutions applicable to 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 238 to 263 have been approved by the Acting Accounting Officer.



.....
 Mr. M. O. S. Zungu
 Acting Accounting Officer
 KwaZulu-Natal Housing Fund
 Date: 31 July 2018

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18 R'000	Restated 2016/17 R'000
REVENUE	2	36 378	15 487
OTHER REVENUE	3	189 224	208 220
TOTAL REVENUE		225 602	223 707
EXPENDITURE	4	319 661	446 679
NET DEFICIT FOR THE YEAR		(94 059)	(222 972)
TRANSFERRED TO ACCUMULATED FUNDS		94 059	222 972
		-	-

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

	Note	2017/18 R'000	Restated 2016/17 R'000
ASSETS			
Current assets		12 829	13 502
Inventory	4.6 / 18	2 543	2 748
Receivables from Exchange Transactions	6	4 947	5 415
Receivables from Non-Exchange Transactions	7	5 339	5 339
Non current assets		882 444	896 487
Land and Buildings	5 / 16	882 444	896 487
TOTAL ASSETS		895 273	909 989
LIABILITIES			
Current liability		5 129	546
Payables from exchange transactions	8	4 047	405
Payables from non-exchange transactions	9 / 17.2	1 082	141
TOTAL LIABILITY		5 129	546
NET ASSETS		890 144	909 443
Represented by:		890 144	909 443
Accumulated Funds		52 844	62 354
Non - Distributable Reserve		837 300	847 089
TOTAL		890 144	909 443

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2018

	Note	Revaluation Reserve R'000	Accumulated Surplus R'000	Total Net Assets R'000
Accumulated Funds				
Balance at 31 March 2016		1 109 276	61 516	1 170 792
Fundamental error	13/16	(1 077)	104	(973)
- adjustment for depreciation applicable to revaluation	13	104	(104)	-
Prior year adjustment	13/16	7 896	(806)	7 090
Restated balance at 31 March 2016		1 116 199	60 710	1 176 909
Transfer of receipts from closed accounts		-	1	1
Net deficit for the year transferred from statement of financial performance		-	(222 972)	(222 972)
Revaluation adjustment	13	(269 110)	224 615	(44 495)
Current year revaluation		279	-	279
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve		(17 315)	17 315	-
Current year impairments	5	(44 774)	-	(44 774)
Transfer of revaluation reserve realised on sale of properties		(207 300)	207 300	-
Balance at 31 March 2017		847 089	62 354	909 443
Transfer of receipts from closed accounts	12	-	3	3
Net deficit for the year transferred from statement of financial performance		-	(94 059)	(94 059)
Revaluation adjustment	13	(9 789)	84 546	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		(13 625)	13 625	-
Current year impairments	5	40 707	-	40 707
Transfer of revaluation reserve realised on sale of properties		(70 921)	70 921	-
Balance at 31 March 2018		837 300	52 844	890 144

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18 R'000	Restated 2016/17 R'000
CASH FLOW UTILISED FOR OPERATING ACTIVITIES			
Receipts			
Debtors: -			
- Sold		335	532
- Rental		929	1 013
- Individual Loan		18	37
- Transfers received from Department of Human Settlements	3	179 954	194 114
Expenditure			
Payments			
- Commission on post office receipts	4	(60)	(65)
- Funded by Department of Human Settlements	3	(179 954)	(194 114)
- Rates written off - (EEDBS)		(1 265)	(301)
- Recoverable rates		(865)	(2 041)
- Refunds		(12)	-
Net cash flows from operating activities	11	(920)	(825)
NET CASH FLOW FROM INVESTING ACTIVITIES			
Increase in Accumulated Funds		3	1
NET CASH FLOW FROM FINANCING ACTIVITIES			
(increase) in clearing accounts	6.1	(24)	(7)
Increase in Department of Human Settlements	9	941	831
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

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.

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.

1.10 Fruitless and wasteful expenditure

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

1.11 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable

Assets

1.12 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.

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

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

Depreciation

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

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

	Years
Land	0
Buildings	30

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.

Prepayments and advances

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

1.13 Receivables and prepayments

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

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

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

Liabilities

1.4 Accruals and payables

Accruals and payables are recognised and recorded in the 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.

1.15 Contingent liabilities

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

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

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

Contingent liabilities are included in the notes.

1.16 Commitments

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

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

1.17 Employee benefits

Short term employee benefits

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

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

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

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

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

1.18 Inventory

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

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

1.19 Leases

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

Operating leases – lessor

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

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

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

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

Finance leases – lessor

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

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

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

1.20 Accumulated Funds

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

1.21 Non-Distributable Reserve

Non-distributable reserves comprise revaluations to immovable property.

1.22 Related party transactions

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18 R'000	Restated 2016/17 R'000
2 Revenue			
Revenue from exchange transactions			
Admin fees received - individual loan debtors		1	2
- finance leases (suspensive sale debtors)		6	25
Interest received - individual loan debtors		245	367
- finance leases (suspensive sale debtors)		32 850	11 400
Rent received from rental debtors		3 276	3 693
Total		36 378	15 487
3 Other Revenue			
Revenue from non-exchange transactions			
Transfers received from Department of Human settlements		179 954	194 114
Decrease in provision for doubtful debts		9 270	14 106
Total		189 224	208 220
4 Expenditure			
4.1 Funded by the KwaZulu-Natal Housing Fund:		135 893	258 878
Commissions paid on post office receipts		60	65
Depreciation - buildings	5	14 612	18 351
Devolution - properties		-	206 261
EEDBS - capital adjustments / rebates / writeoffs		42 958	18 412
Induplum interest write back		8 767	12 834
Loss on sale of land and Buildings		69 382	2 924
Subsidies given to debtors on receipt of instalments		114	31

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18 R'000	Restated 2016/17 R'000		
4.2	<i>Funded by the Department of Human settlements and accruals:</i>	183 768	187 801		

Compensation of employees

Salaries and wages

Basic salary

25 270

24 398

Performance awards

337

74

Service Based

154

146

Compensative / circumstantial

316

50

Other non-pensionable allowances

4 590

4 516

Total

30 667

29 184

Social Contributions

Employer contributions

Pension

2 796

5 629

Medical

1 992

1 916

bargaining council

9

8

Total

4 797

7 553

Total compensation of employees

35 464

36 737

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18 R'000	Restated 2016/17 R'000
Goods and services			
Advertising		20	14
Audit fees		2 285	1 209
Assets less than R5,000	4.3	-	27
Catering		14	-
Communication		9	419
Computer services	4.4	596	276
Consultants, contractors and agency/outsourced services	4.5	1 000	7 969
Interest paid		12	-
Inventory	4.6	1 201	493
Property payments	4.7	41 301	34 493
Travel and subsistence		248	258
Other operating expenditure		74	407
Total		46 760	45 565
Payment for financial assets		50	50
Transfers and subsidies			
Provinces and municipalities	4.8	64 295	49 213
Households	4.9	37 199	56 236
Total		101 494	105 449
Total expenditure		319 661	446 679
4.3 Assets less than R5,000			
Tangible assets			
Machinery and equipment		-	-
Office furniture and other		-	27
Total		-	27

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18 R'000	Restated 2016/17 R'000
4.4 Computer services			
External computer service providers		<u>596</u>	<u>276</u>
4.5 Consultants, contractors and agency/outsourced services			
Legal costs		157	216
Contractors		843	7 753
Total		<u>1 000</u>	<u>7 969</u>
4.6 Inventory			
Opening balance		2 748	3 016
Other consumables		396	-
Materials and supplies		600	225
Closing balance		(2 543)	(2 748)
Total		<u>1 201</u>	<u>493</u>
4.7 Property payments			
Municipal services and levies		31 586	30 487
Property maintenance and repairs		9 715	4 006
Total		<u>41 301</u>	<u>34 493</u>
4.8 Provinces and municipalities			
Property maintenance and rectification		51 996	34 104
Rates and taxes		12 299	15 109
Total		<u>64 295</u>	<u>49 213</u>
4.9 Households			
Employee benefits		72	18 202
Rectification		37 127	38 034
Total		<u>37 199</u>	<u>56 236</u>

FOR THE YEAR ENDED 31 MARCH 2018

5 Property, plant and equipment

	Cost/Valuation R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Carrying Value R'000
2018				
Land	517 159	-	-	517 159
Buildings	511 645	(92 729)	(53 631)	365 285
	1 028 804	(92 729)	(53 631)	882 444

	Cost/Valuation R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Carrying Value R'000
2017 - Restated				
Land	532 967	-	-	532 967
Buildings	551 650	(88 983)	(99 147)	363 520
	1 084 617	(88 983)	(99 147)	896 487

Reconciliation of property, plant and equipment

2018	Opening Balance	Additions	Disposal
Land	532 967	9 238	(25 046)
Buildings	363 520	28 139	(52 469)
	896 487	37 377	(77 515)

2018	Impairments	Revaluations	Depreciation	Total
Land	-	-	-	517 159
Buildings	40 707	-	(14 612)	365 285
	40 707	-	(14 612)	882 444

2017 - Restated	Opening Balance	Additions	Disposal
Land	607 891	81	(75 005)
Buildings	560 805	244	(134 404)
	1 168 696	325	(209 409)

2017 - Restated	Impairments	Revaluations	Depreciation	Total
Land	-	-	-	532 967
Buildings	(44 774)	-	(18 351)	363 520
	(44 774)	-	(18 351)	896 487

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 2018

	Note	2017/18 R'000	Restated 2016/17 R'000
6 Receivables from exchange transactions			
Clearing accounts	6.1	27	3
Rental debtors	6.2	43 941	48 847
Suspensive sale debtors	6.3	54 532	59 386
Less: provision for doubtful debts	3	(93 553)	(102 821)
		4 947	5 415
6.1 Clearing Accounts			
LI Suspense		(116)	(146)
Post Office		143	149
		27	3
6.2 Rental debtors	20.2	43 941	48 847
These debtors are in respect of rentals owing by individuals on properties rented.			
6.3 Suspensive sale debtors	20.2	54 532	59 386
Individual loans		181	1 982
Sold properties		54 351	57 404
These debtors are in respect of sales of individual properties where the monthly repayment is over a 30 year period.			
6.3.1	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 8, 767 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.			
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		2 948	3 967
Later than 1 year and not later than 5 years		11 791	15 867
Later than 5 years		5 145	2 982
		19 884	22 816
Unearned future finance income		7 422	15 622
Net investment in finance leases		12 462	7 194
6.4 Financial assets by category			
Financial instrument at amortised cost			
Rental debtors		2 196	2 443
Suspensive sale debtors		2 724	2 969
		4 920	5 412

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18 R'000	Restated 2016/17 R'000
7 Receivables from non-exchange transactions			
Provincial Revenue Fund		<u>5 339</u>	<u>5 339</u>
8 Payables from exchange transactions			
Trade Creditors		3 842	232
Debtors' Credit Balances		205	173
	10	<u>4 047</u>	<u>405</u>
9 Payables from non-exchange transactions	10	<u>1 082</u>	<u>141</u>
<p>The KwaZulu-Natal Housing Fund does not have its own bank account. All its cash transactions are done via the Department of Human Settlements bank account.</p>			
10 Financial Liability by category			
Financial instrument at amortised cost			
Trade creditors	8	3 842	232
Debtors' with credit balances	8	205	173
Department of Human Settlements	9	1 082	141
		<u>5 129</u>	<u>546</u>
11 Reconciliation of net cash flows from operating activities:			
deficit		(94 059)	(222 972)
Non - cash movements			
Revenue			
admin fees received		(7)	(27)
rent received from rental debtors		(3 276)	(3 693)
Interest received on suspensive sale and individual loan debtors		(33 095)	(11 767)
		(9 270)	(14 106)
		<u>(139 707)</u>	<u>(252 565)</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18 R'000	Restated 2016/17 R'000
11 Reconciliation of net cash flows from operating activities to deficit (continued)		(139 707)	(252 565)
Expenditure			
Increase/(Decrease) in trade creditors		3 612	(6 580)
Depreciation		14 612	18 351
Devolution - debtors		-	206 261
EEDBS - capital adjustments / rebates / writeoffs		41 675	18 111
Induplum interest write back		8 767	12 834
Loss on sale of land and buildings		69 382	2 924
Decrease in inventory		206	268
Subsidies given to debtors on receipt of instalments		114	31
		<u>(1 339)</u>	<u>(365)</u>
Cash receipts and expenditure			
Receipts from debtors		1 283	1 582
Recoverable expenditure relating to debtors		(864)	(2 042)
Net cash flows from operating activities		<u>(920)</u>	<u>(825)</u>
12 Accumulated Funds		<u>3</u>	<u>1</u>
12.1 Debtors' with credit balances written-off against accumulated funds			
13 Non-Distributable Reserve			
Revaluation of land and buildings			
Restated balance		847 089	1 109 276
Prior year adjustment / Fundamental error -			
- take-on of new properties		-	7 896
- properties deleted		-	(1 077)
- reversal of depreciation applicable to revaluation		-	104
Balance at beginning of year		<u>847 089</u>	<u>1 116 199</u>
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve		(13 625)	(17 315)
Take-on of new properties		34 050	279
transfer of revaluation reserve realised on sale of properties		(51 125)	(207 300)
Impairments adjustments on revalued portion of buildings		40 707	(44 774)
		<u>857 096</u>	<u>847 089</u>
13.1 The non-distributable reserve arose as a result of revaluing of the land and buildings to market value.			
14 Prior Year Adjustment			
- induplum interest write back	16	<u>(4 728)</u>	<u>(341)</u>
The prior year adjustment arose as a result of the induplum write back.			
15 Commitment			
Current expenditure			
Approved and contracted for		1 107	2 496
Approved and not contracted for		209	2 438
		<u>1 316</u>	<u>4 934</u>
Capital expenditure			
Approved and contracted for		3 735 021	3 831 804
Approved and not contracted for		36 019	41 062
		<u>3 771 040</u>	<u>3 872 866</u>
Total commitments	17.3	<u>3 772 356</u>	<u>3 877 800</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18 R'000	Restated 2016/17 R'000
16 Correction of Prior Period Error			
Accumulated Funds			
Balance as previously reported			63 397
Fundamental error:-			
- decrease - induplum interest write back			(4 728)
- previous year	14		(16 147)
- prior year			4 491
- increase - adj to provision for doubtful debts			15 341
- previous year			(120)
- prior year			120
- reversal of depreciation - deleted properties			120
- reversal of depreciation - deleted properties			62 354
Balance as currently reported			<u>62 354</u>
Receivables from Exchange Transactions			
Balance as previously reported			6 458
Fundamental error - decrease - induplum interest addback			(20 875)
- increase - adj to provision for doubtful debts			19 832
Balance as currently reported	6		<u>5 415</u>
Provision for doubtful debts			
Balance as previously reported			(122 653)
- decrease - adj to provision for doubtful debts			4 491
- previous year			15 341
- prior year			(102 821)
Balance as currently reported	6		<u>(102 821)</u>
Revaluation reserve			
Balance as previously reported			840 149
- take on of additional properties			7 896
- reversal of revaluation on deleted properties			(1 077)
- reversal of depreciation - deleted properties			121
Balance as currently reported			<u>847 089</u>
PPE - Land and Buildings			
Balance as previously reported			889 547
- take on of additional properties			7 896
- deleted properties			(957)
Balance as currently reported	5		<u>896 486</u>

Fundamental Error**Suspensive Sale**

The fundamental error arose as a result of the split of the induplum interest addback between previous and prior. 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 2018. The test revealed that seven (7) properties had to be taken on and three (3) properties had to be deleted. The said amendment was done retrospectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18 R'000	Restated 2016/17 R'000
17 Related party transactions			
The following related parties were identified			
17.1 Value of the Transactions	3	<u>179 954</u>	<u>194 114</u>
The KwaZulu-Natal Housing Fund does not receive any funding from the National Department of Human Settlements. The Provincial Department of Human Settlements pays for its expenses in terms of DoRA.			
17.2 Department of Human Settlements	9	<u>1 082</u>	<u>141</u>
The Department of Human Settlements controls the KwaZulu-Natal Housing Fund. The said fund does not have its own bank account. All monies received by the said fund is deposited in the Departments bank account. This obligation is expected to be settled in the entities normal operating cycle, i.e. on receipts from its debtors.			
17.3 Commitments	15	<u>3 772 356</u>	<u>3 877 800</u>
These commitments are of a long term nature, in relation to the operations of the KwaZulu-Natal Housing Fund and in respect of maintenance and rectification of its properties.			
17.4 Guarantees			
The KwaZulu-Natal Housing Fund will meet its obligations in the normal course of business through its funding from The Provincial Department of Human Settlements via DoRA.			
17.5 Shared Services	No of individuals		
Class of management			
- Programmes 1,2 & 3 - level 15 to 16	3	490	694
- level 14	5	668	584
- other	92	4 220	4 448
		<u>5 378</u>	<u>5 726</u>
The Department of Human settlements provides administrative and management services to the KwaZulu-Natal Housing Fund. The cost of R 5,378 m (2017 - R 5,726 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.			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

		Note	2017/18 R'000	2016/17 R'000	Restated 2016/17 R'000		
18	Inventory						
	Opening balance		2 748	3 016			
	Add: purchases		996	225			
	less: issues		(1 201)	(493)			
	Closing balance		2 543	2 748			
	Inventory comprises of building and maintenance materials.						
19	Irregular Expenditure						
	Reconciliation of irregular expenditure						
	Opening balance		22 187	22 187			
	Add: irregular expenditure - relating to the current year		-	-			
	Less: condoned		-	-			
	Irregular expenditure awaiting condonation		22 187	22 187			
	Details of irregular expenditure						
	Incident						
	Deviation from calling of bids		22 187	22 187			

20 Risk Management

20.1 Financial Risk Management

The Fund's activities exposed it to a variety of financial risks:

- market risks (including interest rate risk);
- credit risk; and
- liquidity risks.

This note presents information about the Fund's exposure to each of the above risks, the fund's objectives, policies and processes for the measuring and managing risks, and the Fund's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Accounting Authority has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund's risk management policies are established to identify and analyse the risk faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the fund's activities. The Fund, through its training and management standards and procedures, aims to develop a discipline and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

			2017/18 R'000	Restated 2016/17 R'000
20.2	Credit Risk	Note		
	Credit risk is the risk of the financial loss to the Fund if a customer to a financial instrument fails to meet its contractual obligations, and arises primarily from the Fund's receivables from customers.			
	Trade and Loans Receivables			
	The Fund's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The demographics of the Fund's customer base have less of an influence on credit risk. Geographically, there is no concentration of risk.			
	The Fund establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables and loans receivable. The collective loss allowance is determined, based on historical data payment statistics for similar financial assets.			
	The carrying amount of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:			
		Credit Rating		
	Trade receivables from exchange transactions - rentals	Low	43 941	48 847
	Suspensive sale debtors	Low	54 532	59 386
	Receivables from exchange transactions	6	98 473	108 233
	The collectivity of these receivables at considered to be low:-			
	- most of the debtors are indigent;			
	- downturn in the economy;			
	- difficulty in estimating the monthly payments of the indigent debtors and those debtors that applied for EEDBS;			
	Aging of receivables from exchange transactions			
	-Due not later than 1 year		11 113	8 708
	-Due later than 1 year and not later than 3 years		9 938	12 223
	-Due later than 3 years		77 422	87 302
			98 473	108 233

20.3 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2017/18	Restated
Note	R'000	2016/17 R'000

20.4 Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The table below analyses the fund's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end 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
2018			
Trade and other payables	4 047	-	4 047
2017			
Trade and other payables	405	-	405

21 Going Concern

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

The Fund aims to finalise the sensitization of the properties meaning to transfer, delete and devolve the properties and phasing out of the debtor book by promoting ownership by March 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 2018

22 Budget vs Actual

22.1 Comparison of Budget to Actuals

Economic classification	2017/18				2016/17	
	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	90 283	79 380	10 903	1	56 207	88 615
Compensation of employees	35 231	35 346	(115)	0.0%	36 738	36 737
Goods and services	55 052	44 034	11 018	80.0%	19 469	51 878
Transfers & subsidies	107 158	100 525	6 633	93.8%	137 977	105 449
Provinces & municipalities	107 087	64 042	43 045	59.8%	119 828	49 213
Households	71	36 483	(36 412)	51384.5%	18 149	56 236
Payment for financial assets	-	50	(50)	0.0%	-	50
Financial transactions in assets and liabilities	-	50	(50)		-	50
Total	197 441	179 955	17 486	8.9%	194 184	194 114

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

Economic classification	2017/18			2016/17		
	Actual expenditure on cash basis	Movement in accruals	Actual expenditure on accrual basis	Actual expenditure on cash basis	Movement in accruals	Actual expenditure on accrual basis
Current	79 380	2 844	82 224	88 615	(6 313)	82 302
Compensation of employees	35 346	118	35 464	36 737	-	36 737
Goods and services	44 034	2 726	46 760	51 878	(6 313)	45 565
Transfers & subsidies	100 525	969	101 494	105 449	-	105 449
Provinces & municipalities	64 042	253	64 295	49 213	-	49 213
Households	36 483	716	37 199	56 236	-	56 236
Payment for financial assets	50	-	50	50	-	50
Financial transactions in assets and liabilities	50	-	50	50	-	50
	179 955	3 813	183 768	194 114	(6 313)	187 801

22.3 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 2017 to 31 March 2018.

The annual financial statements are presented on the accrual basis and whereas the budget is stated on the cash basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.





human settlements

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Human Settlements
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