



# **KWAZULU-NATAL PROVINCE**

**HUMAN SETTLEMENTS**  
REPUBLIC OF SOUTH AFRICA



**VOTE No.8**  
**ANNUAL REPORT 2020/2021**



In the Budget Presentation for the KZN Department of Human Settlements (Vote 8) on 21 May 2021, MEC Jomo Sibiya committed to doubling efforts to ensure the provision of sustainable human settlements to heal the wounds of the past. At the tempo with which the MEC moves to better the lives of people, one may be forgiven for not realising that he will be marking his first 100 days in office only this week.

Since being sworn in as the MEC for Human Settlements and Public Works on 9 March 2021, the hardworking “servant leader” has already actively engaged in development interventions in more than half of KwaZulu-Natal’s 44 local municipalities, with his hands-on and life-changing interventions.

The visits to oKhahlamba Local Municipality and Alfred Duma Local Municipality marked the handover of a house to Gogo Mazibuko who is over 90 years old and living in abject poverty and title deeds to residents of St Chads, respectively.



*(Left): MEC Jomo Sibiya wishes Gogo Mazibuko well in her new home just before receiving great applause and appreciation from Zwelisha residents for helping one of their own so quickly.*



22 May 2021



28 May 2021



31 May 2021

News of Gogo Mazibuko’s plight reached MEC Sibiya through social media, with the MEC and his officials responding with haste to better her life. The MEC visited Gogo Mazibuko in Zwelisha in Ward 9 near Bergville on the morning after presenting his Budget Speech. He promised the Gogo that a house will be built for her in less than a month through the Operation Sukuma Sakhe (OSS) Programme. Just as he kept the promise to build a house within a month following an urgent intervention in Msinga in April 2021, the MEC once again proved that he makes no empty promises. Gogo Mazibuko’s house was handed over to her within three weeks after the MEC’s promise!

This handover comes just five days after MEC Sibiya was in uMtubatuba Local Municipality to introduce a woman emerging contractor who will construct houses as part of OSS. The MEC insisted that it will not take longer than 21 months to construct these 100 houses.



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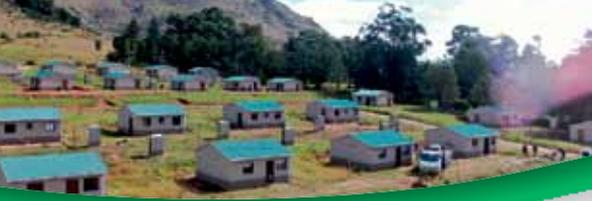
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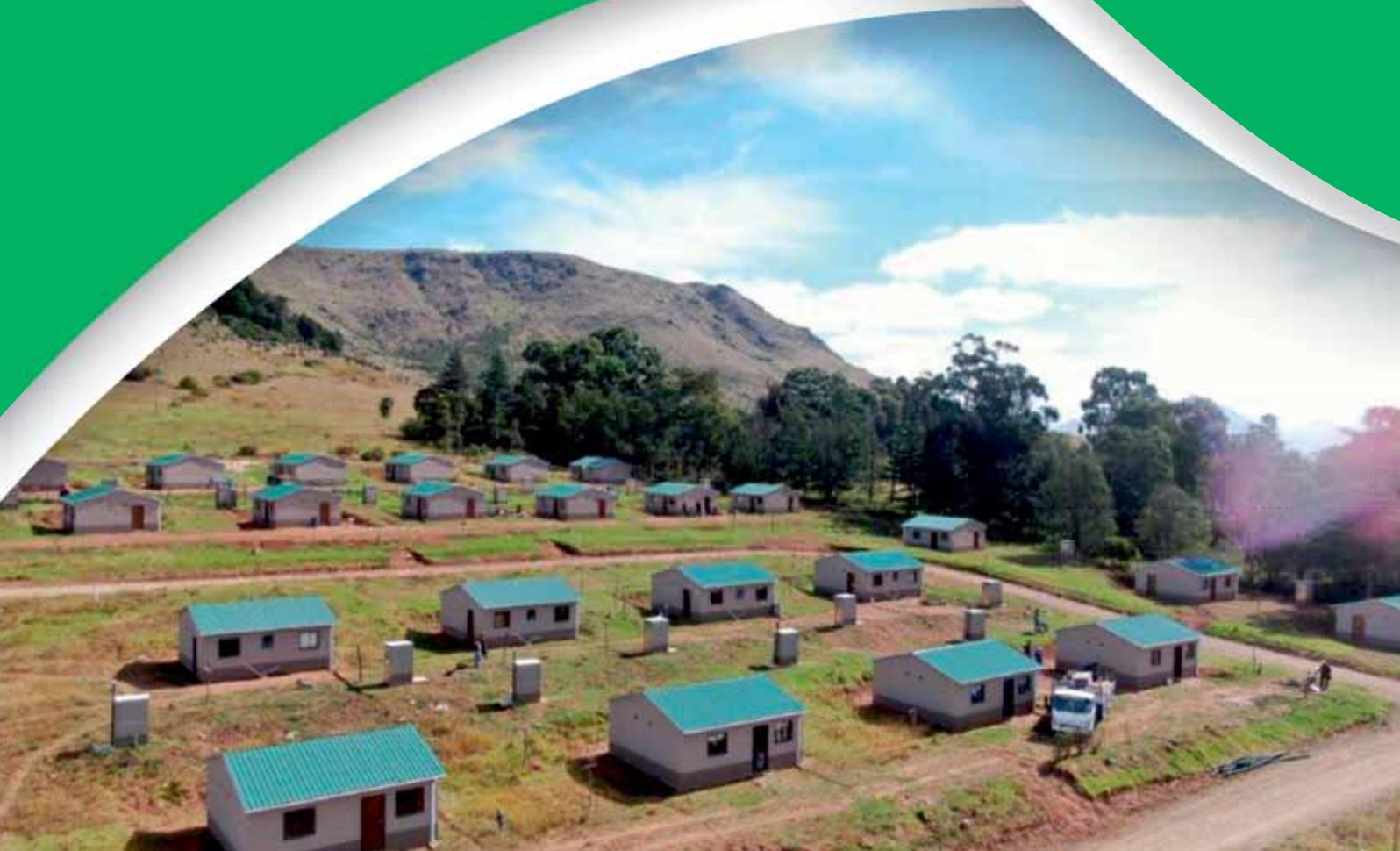


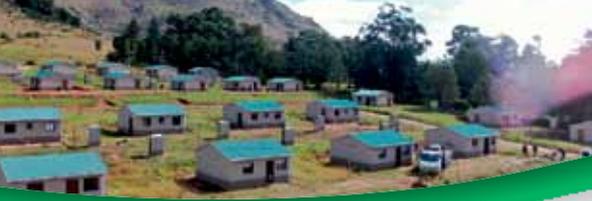
**KWAZULU-NATAL PROVINCE**

**HUMAN SETTLEMENTS**  
REPUBLIC OF SOUTH AFRICA

# **PART A**

# **GENERAL INFORMATION**





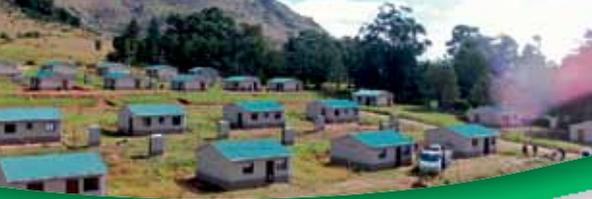
## 1. DEPARTMENT GENERAL INFORMATION

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



## 2. LIST OF ABBREVIATIONS / ACRONYMS

<b>ACTT</b>	Anti-Corruption Task Team	<b>AFS</b>	Annual Financial Statements
<b>AGSA</b>	Auditor-General of South Africa	<b>AO</b>	Accounting Officer
<b>APP</b>	Annual Performance Plan	<b>AR</b>	Annual Report
<b>ASGISA</b>	Accelerated and Shared Growth Initiatives for South Africa	<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>BEE</b>	Black Economic Empowerment	<b>BNG</b>	Breaking New Ground
<b>CBD</b>	Central Business District	<b>CETA</b>	Construction Education and Training Authority
<b>CFO</b>	Chief Financial Officer	<b>CG</b>	Conditional Grant
<b>CIDB</b>	Construction Industry Development Board	<b>CIP</b>	Comprehensive Infrastructure Plan
<b>COGTA</b>	Cooperative Governance and Traditional Affairs	<b>COP</b>	Community of Practice
<b>CRU</b>	Community Residential Unit	<b>DBSA</b>	Development Bank of Southern Africa
<b>DFI</b>	Development Finance Institution	<b>DHS</b>	Department of Human Settlements
<b>DLA</b>	Department of Land Affairs	<b>DMV</b>	Department of Military Veterans
<b>DORA</b>	Division of Revenue Act	<b>DPSA</b>	Department of Public Service and Administration
<b>DTT</b>	Departmental Task Team	<b>EAAB</b>	Estate Agency Affairs Board
<b>EEDBS</b>	Enhanced Extended Discount Benefit Scheme	<b>EPRE</b>	Estimates of Provincial Revenue and Expenditure
<b>EPWP</b>	Expanded Public Works Programme	<b>FET</b>	Further Education and Training
<b>FLISP</b>	Finance Linked Individual Subsidy Programme	<b>GHS</b>	General Household Survey
<b>GIS</b>	Geographical Information System	<b>GRAP</b>	Generally Recognized Accounting Practices
<b>GVA</b>	Gross Value Added	<b>GWEA</b>	Government Wide Enterprise Architecture
<b>HDA</b>	Housing Development Agency	<b>HEAC</b>	Housing Evaluation and Adjudication Committee
<b>NHNR</b>	National Housing Needs Register	<b>HDP</b>	Housing Development Plan
<b>HH</b>	Households	<b>HOD</b>	Head of Department
<b>HSDG</b>	Human Settlements Development Grant	<b>HSP</b>	Housing Sector Plan
<b>IDP</b>	Integrated Development Plan	<b>IGRFA</b>	Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
<b>IRD</b>	Integrated Residential Development Programme	<b>IRDS</b>	Integrated Rural Development Strategy
<b>ISDS</b>	Integrated Sustainable Development Strategy	<b>ISUP</b>	Informal Settlement Upgrade Programme
<b>ITB</b>	Ingonyama Trust Board	<b>KZN</b>	KwaZulu-Natal
<b>KZNDHS</b>	KwaZulu-Natal Department of Human Settlements	<b>KZNPA</b>	KwaZulu-Natal Provincial Administration
<b>LEFTEA</b>	Less Formal Township Establishment Act, 1991	<b>MBASA</b>	Master Builders Association of South Africa
<b>MEC</b>	Member of Executive Council	<b>MDG</b>	Millennium Development Goals
<b>MI</b>	Mortgage Insurance	<b>MIG</b>	Municipal Infrastructure Grant
<b>MINMEC</b>	Ministers and Members of Executive Councils	<b>MHDP</b>	Municipal Housing Development Plan
<b>MHSP</b>	Municipal Housing Spatial Plan	<b>MOU</b>	Memorandum of Understanding
<b>MSP</b>	Master Spatial Plan	<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework	<b>MYHD</b>	Multi Year Housing Development Plan
<b>NDHS</b>	National Department of Human Settlements	<b>NHBRC</b>	National Home Builders Registration Council
<b>NHFC</b>	National Housing Finance Corporation	<b>NHNR</b>	National Housing Needs Register



<b>NDP</b>	National Development Plan	<b>NSDA</b>	Negotiated Service Delivery Agreement
<b>NSDP</b>	National Spatial Development Plan	<b>NURCHA</b>	National Urban Reconstruction & Housing Agency
<b>NUSP</b>	National Upgrading Support Programme	<b>OSD</b>	Occupational Specific Dispensation
<b>OSS</b>	Operation Sukuma Sakhe	<b>OTP</b>	Office of the Premier
<b>PEHG</b>	Provincial Emergency Housing Grant	<b>PES</b>	Provincial Equitable Share
<b>PGDP</b>	Provincial Growth and Development Plan	<b>PFMA</b>	Public Finance Management Act
<b>PHDP</b>	Provincial Housing Development Plan	<b>PGDS</b>	Provincial Growth and Development Strategy
<b>PIAS</b>	Provincial Internal Audit Services	<b>PHP</b>	Peoples Housing Process
<b>PPC</b>	Provincial Planning Commission	<b>PIE</b>	Prevention of Illegal Eviction from and Unlawful Occupation of Land Act
<b>PSETA</b>	Provincial Sector of Education and Training Agency	<b>PSEDS</b>	Provincial Spatial Economic Development Strategy
<b>RHAF</b>	Rental Housing Association Fund	<b>RDP</b>	Reconstruction and Development Programme
<b>SABS</b>	South African Bureau of Standards	<b>RHLF</b>	Rural Housing Loan Fund
<b>SCM</b>	Supply Chain Management	<b>SALGA</b>	South African Local Government Association
<b>SDIP</b>	Service Delivery Improvement Plan	<b>SDG</b>	Sustainable Development Goals
<b>SHF</b>	Social Housing Foundation	<b>SHA</b>	Social Housing Association
<b>SHRA</b>	Social Housing Regulatory Authority	<b>SHI</b>	Social Housing Institution
<b>SIP</b>	Strategic Infrastructure Project	<b>SHSS</b>	Sustainable Human Settlements Strategy
<b>SMME</b>	Small Medium and Micro Enterprises	<b>SITA</b>	State Information Technology Agency
<b>SLA</b>	Service Level Agreement	<b>SOE</b>	State Owned Enterprises
<b>TR</b>	Treasury Regulations	<b>TEC</b>	Technical Evaluation Committee
<b>TRP</b>	Title Deed Restoration Programme	<b>TRA</b>	Temporary Residential Accommodation



### 3. FOREWORD BY THE MEC

During the year under review, we visited many municipalities to monitor the quality of houses being delivered.

We have stated on many platforms that the prolonged construction of houses is the thing of the past. We have experimented about ways of speeding up the construction of houses and we can state that we have found a winning formula.

The highlight during the year under review was the handing over of keys to senior citizens whose houses were constructed in less than three weeks. It has really given us comfort to see speed and improved quality of houses being constructed for our communities. This is an indication that we have successfully built solid and professional relationships with contractors.

We wish to salute the majority of implementing agents for their improved performance. We are calling upon others to learn from their peers.

Admittedly, there are still challenges with some municipalities that fail to delivery. We will not hesitate to act swiftly. This includes taking away Development Status. We cannot afford to prolong the suffering of the people who elected this government. It is them who must taste the fruits of democracy.

The days of isolated pockets of housing delivery are over. We are building new towns, not just houses. And we are firm in stating that all new projects must include social amenities, such as community halls, sports grounds, schools and clinics.

I wish to pay tribute to our staff members across the province in various offices for ensuring speed in the delivery of houses.

All categories of staff understand that in order to deal with the challenges of unemployment, poverty, food, burden of diseases, crime and all social ills, we must ensure that we prioritize the provision of human settlements.

There can be no debate that any human development in this province will be achieved through access to decent human settlement.

In his State of the Province Address, Premier Zikalala announced the implementation of the catalytic housing developments that will impact on socio-economic landscape of our respective municipalities.

Since this announcement we have been moving with speed to ensure radical transformation of the housing landscape in this province with a greater focus on infrastructure development.

As we move forward, our main focus will be on the following key areas:

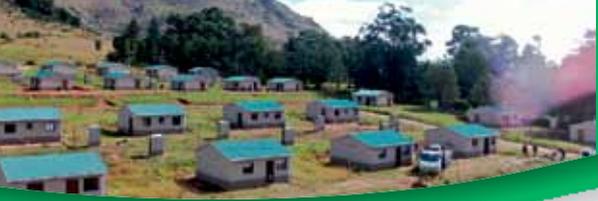
- Farm Workers Housing Assistance Programme;
- Skills Development programmes;
- Youth, Women and Persons with Disabilities Empowerment; and
- Operation Sukuma Sakhe (OSS) & Emergency Housing programmes.



**Honourable Mr. N.M. Sibiya, MPL**  
**MEC for Human Settlements and Public Works**  
**KwaZulu-Natal**  
**Date: 31 July 2021**



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



## **4. REPORT OF THE ACCOUNTING OFFICER**

### **• Overview of the operations of the Department**

Despite the uncertainty and apprehension of the prevailing COVID-19 pandemic, my team has been unwavering in their support and commitment to addressing the housing needs for the Province. The Department has also evolved and adapted to the “new normal” working environment in order to ensure continued organizational efficiency and accountability without compromising service delivery. In addition to strengthening its information and communication technology initiatives, Employee Health and Wellness Programme interventions have intensified to lend proactive and holistic support and assistance to staff. This together with measures to mitigate against COVID-19 pandemic within the work place ensures that the well-being and safety of our work force is prioritized. Within the human settlements service delivery environment, measures to mitigate the effects of the pandemic include continued community development facilitation for the community-wide sanitization programme, community mobilization and education campaigns as well as the prioritization of informal settlements upgrading and emergency housing.

The Department remains committed to the key priority area relating to building a capable, ethical and developmental state. Emphasis is placed on the promotion of good governance, accountability and best practices within the service delivery environment.

The alignment to the district development model and prioritizing of planning and development within the priority human settlements and housing development areas ensures that government investment is maximized and that economic and social transformation is promoted. The Department will also continue to contribute to poverty alleviation and economic growth stimulation through investment in catalytic projects inclusive of the Cornubia Integrated Human Settlements Development Project, which is also a Presidential Priority Project, and a Strategic Infrastructure Project. This development is one of the largest sustainable integrated human settlements initiatives within the Province undertaken in partnership with the private sector.

Through the Expanded Public Works Programme and the Siyakha Incubation Programme the Department will continue to promote the economic agenda of government with focused attention given to the provision of economic opportunities to women, youth and persons with disabilities. The provision of emergency housing continues to be a critical priority intervention for the Department more especially as the Province is prone to natural disasters.

In line with the New Urban Agenda as well as national and provincial priorities, the management of informal settlements and promotion of urban development remains a key focus area. Noteworthy projects which will also be contributing towards the achievement of integrated and sustainable human settlements include amongst others, the Aquadene, Kanku Road and Ephangweni human settlement development projects. The implementation of these initiatives will be undertaken within the ambit of integrated planning to promote social cohesion, integration and sustainability as well as spatial transformation.

The Department has also intensified the implementation of the Finance-Linked Individual Subsidy Programme as well as the sale of serviced sites at affordable prices to qualifying beneficiaries to address the middle-income market. Focused attention will also be placed on the roll out of the plans to fast track the implementation of both the Social Housing and Community Residential Unit Programmes. The fast tracking of the Title Deeds Restoration Programme also remains a key priority initiative as it upholds the ethos of restoring pride and dignity to the beneficiaries.

My team’s resilience through these unprecedented times is reaffirmed by the commitments made for the year and as a Department, we remain unfaltering in our vision “To restore dignity and provide access to sustainable livelihoods through collaborated, equitable, decent and integrated human settlements”.



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



The Department has delivered to its citizens in KwaZulu-Natal, a total of **18,736 housing opportunities** in the form of completed houses, serviced sites, title deeds, rectification and maintenance of government-owned stock in the 2020/21 financial year.

The actual delivery per subsidy instrument is as follows:

Human Settlements Programme	Other	Units	Sites
Integrated Residential Development Programme		1,717	4,321
Informal Settlement Upgrading			517
Housing Finance Linked Individual Subsidies [R3,501 – R22,000]		313	
Enhanced People's Housing Process		173	
Emergency Housing Assistance (OSS)		1,061	
Rural Housing: Communal Land Rights		6,624	
Consolidation Housing Programme		23	
Community Residential Units		404	
Number of Title Deeds Issued	2,923		
Maintenance	444		
Rectification & Refurbishments	216		
<b>Total</b>	<b>3,583</b>	<b>10,315</b>	<b>4,838</b>
<b>Total Housing Opportunities</b>			<b>18,736</b>

Our policies and programmes have therefore impacted positively on the lives of **18,736 families** in the 2020/21 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.

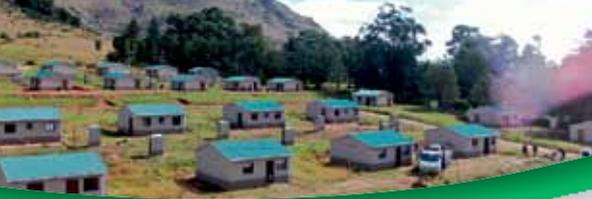
### • Overview of the financial results of the Department

The main appropriation of the Department was R3.930 billion. During the year, the Covid-19 pandemic resulted in the Department's budget being reduced by R439.143 million and this was formalised with the tabling of the Special Adjustments Estimates in July. The department had the Special Adjusted Appropriation amounting to R3.491 billion.

Following the Special Adjustments Estimate, the department received an additional allocation totalling R91.571 million, which was offset by a budget cut of R18.170 million. The amount appropriated in the 2020/21 is thus R3.564 million. The Department spent 99.0% (R3.547 million) of the total allocation of R3.564 million.

Under expenditure of R16.697 million in Equitable Share is mainly due to the posts which were vacated during the financial year resulting from resignations and early retirements. Furthermore, the department also made provision to purchase 300 laptops to ensure that identified employees to work remotely, continue services to various stakeholders and facilitate the flow of work in the department have a working tool. Due to the high demand for laptops increased dramatically across the world has resulted in stock shortages. The procurement process was concluded and a successful bidder was appointed in January 2021. The department has been informed by the laptop vendor, Hewlett-Packard (HP) that the delivery date for the order is currently estimated to arrive in August 2021.

The Department submitted a roll-over request for unspent equitable share funding amounting to R16.679 million from 2020/21 to 2021/22.



## Departmental Receipts

The table below shows the revenue budget and the actual revenue collected for 2020/21 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	2020/2021			2019/2020		
	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	451	372	79	445	415	30
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	20	38	(18)	19	13,318	(13,299)
Sale of capital assets	670	2,806	(2,136)	635	6,229	(5,594)
Financial transactions in assets and liabilities	3,600	2,429	1,171	3,580	1,123	2,457
<b>Total</b>	<b>4,741</b>	<b>5,645</b>	<b>(904)</b>	<b>4,679</b>	<b>21,085</b>	<b>(16,406)</b>

The Department collected revenue totalling to R5,645 million in 2020/21 against the budget of R4,741 million, exceeding the revenue target by R904,000. The revenue collected is in respect of the following categories:

- *Sale of goods and services other than capital assets* under-collected R79,000 against the budget of R451,000; 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 higher than anticipated rental dwellings and tender fees. The participation in tenders depends mainly on public interest, hence revenue from tender fees is difficult to accurately predict.
- *Interest, dividends and rent on land* collected R38,000 against the annual budget of R20,000. The over-collection was due to funds received for interest received on funds which were paid to Van Zyl Retief Inc. Attorneys in respect of land purchase for housing development. Due to the delay in the transfer of funds by the attorneys to the owner interest was accrued.
- *Sale of capital assets* collection amounted to R2,806 million against the annual budget of R670, 000. The over-collection is due to the sales of some units at Ridgeview Gardens through FLISP as per approval obtained from Provincial Treasury in June 2016. The Department requests Provincial Treasury to re-appropriate the funds to the Department as was done in the previous year.
- *Financial Transactions in assets and liabilities* collected R2,429 million against the annual budget of R3,600 million. Revenue from this source relates to recoveries from prior years' expenditure such as monies over-paid to suppliers, staff debt in respect of breached bursary contracts, etc. The under-collection was due to lower than anticipated recoveries of staff debts.



## • Programme Expenditure

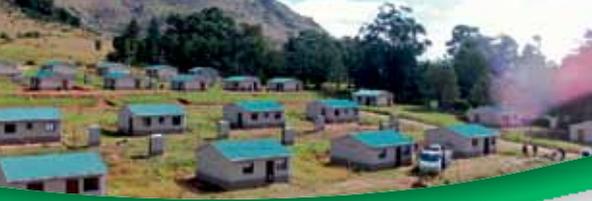
Programme Name	2020/2021			2019/2020		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	238,977	236,079	2,898	231,590	231,590	-
Housing Needs, Research and Planning	17,143	16,357	786	17,076	17,076	-
Housing Development	3,131,930	3,122,097	9,833	3,848,698	3,765,984	82,714
Housing Asset Management, Property Management	176,105	172,925	3,180	250,488	246,709	3,759
<b>Total</b>	<b>3,564,155</b>	<b>3,547,458</b>	<b>16,697</b>	<b>4,347,832</b>	<b>4,261,359</b>	<b>86,473</b>

The Department has a net under-expenditure of R16,697 million against the 2020/21 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 reflects under-expenditure of R2,898 million which is mainly due to the posts which were vacated during the financial year resulting from resignations and early retirements. These posts were State Accountants, Administrative Officer, Deputy Manager: Rental Housing Tribunal, etc.
- Programme 2: Housing Needs, Research and Planning reflects under-expenditure of R786,000 which is mainly due to the delays in the implementation of capacity building programmes such as Housing Consumer Education (HCE), various trainings, etc. as the Department is in a process of implementing a new strategy in response to the Covid-19 regulations.
- Programme 3: Housing Development, which includes a significant portion of the HSDG, PEHG, TDRG and EPWP which was fully spent. However, the net under-expenditure of R9,833 million which is mainly from the following posts which were vacated during the financial year resulting from resignations, retirements and natural attrition. These posts were Chief Director: Sustainable Human Settlements, Deputy Manager: Administration Support, Administrative Officer, Control Works Inspector, Driver, etc. These posts were budgeted throughout the financial year and they are in the recruitment process.
- Programme 4: Housing Asset Management, Property Management comprises the KZN Housing Fund. This programme reflects under-expenditure of R3,180 million which is mainly from the following:
  - (i) Payment of staff exit costs (leave gratuity) for retired officials.
  - (ii) The increase in the tariffs of municipal charges and rates as well as an increase in the consumption of services by residents of departmental owned properties. The increase in consumption is also attributed to the Covid-19 pandemic, resulting in extended lockdown and communities spending more time at home.
  - (iii) The Department of Public Works had to be re-imbursed monies expended for Austerville, Shallcross and Marianridge Rectification projects.

The Department submitted a roll-over request for unspent equitable share funding of R16,679 million from 2020/21 to 2021/22.



• **Virements**

**Virements between the programmes**

**i. Virements of R1.491 million from Programme 2 to Programme 1**

From	Amount R'000	To	Amount R'000
Equitable Share		Equitable Share	
Programme 2: Housing Needs, Research and Planning		Programme 1: Administration	
Sub-programme: Policy		Sub-programme: Corporate Services	
Compensation of Employees	R 475	Goods and Services	R 713
Sub-programme: Planning		Households	R 778
Compensation of Employees	R 360		
Sub-programme: Research			
Compensation of Employees	R 200		
Goods and Services	R 456		
<b>Total</b>	<b>R 1 491</b>	<b>Total</b>	<b>R 1 491</b>

i. Savings amounting to **R1.491 million** were identified as follows:

- a. **R475 thousand** were identified under Policy sub-programme against *Compensation of employees* due to the vacant budgeted posts of Assistant Director and Administration Officer. There is a moratorium on the filling of posts pending the finalisation of organizational structure.
- b. **R360 thousand** were identified under Planning sub-programme against *Compensation of employees* due to the vacant posts of Senior Administration Officer which was vacated due to retirement. There is a moratorium on the filling of posts pending the finalisation of the organizational structure.
- c. **R200 thousand** were identified under Research sub-programme against *Compensation of employees* due to the vacant posts of Administration Officer which was vacated due to retirement. There is a moratorium on the filling of posts pending *the finalisation of organizational structure*. *R456 thousand was identified against Goods and services* due to the delays in the implementation of capacity building programmes such as Housing Consumer Education (HCE), various training programmes, etc. as the Department is in a process of implementing a new strategy in response to the Covid-19 regulations.

These savings were moved to Programme 1 Administration under Administration sub-programme as follows:

- **R713 thousand** against *Goods and services* to defray expenditure incurred for publication on newspapers for department's achievements as well as branding and display materials for Communications unit strategy.
- **R778 thousand** against *Transfers and subsidies to Households* to defray expenditure incurred for staff exit costs which is difficult to project due to its nature.



**ii. Virements of R12.828 million from Programme 3 to Programme 4**

From	Amount R'000	To	Amount R'000
<b>Title Deeds Restoration Grant (TDRG)</b>		<b>Title Deeds Restoration Grant (TDRG)</b>	
Programme 3: Housing Development		Programme 4: Housing Assets Management	
Sub-programme: Incremental Intervention		Sub-programme: Sale and Transfer of Housing Prop	
Goods and Services	R 1 203	Departmental agencies and accounts	R 1 203
	<b>R 1 203</b>		<b>R 1 203</b>
<b>Human Settlements Development Grant (HSDG)</b>		<b>Human Settlements Development Grant (HSDG)</b>	
Programme 3: Housing Development		Programme 4: Housing Assets Management	
Sub-programme: Financial Intervention		Sub-programme: Sale and Transfer of Housing Prop	
Goods and services	R 11 625	Departmental agencies and accounts	R 11 625
	<b>R 11 625</b>		<b>R 11 625</b>
<b>Total</b>	<b>R 12 828</b>	<b>Total</b>	<b>R 12 828</b>

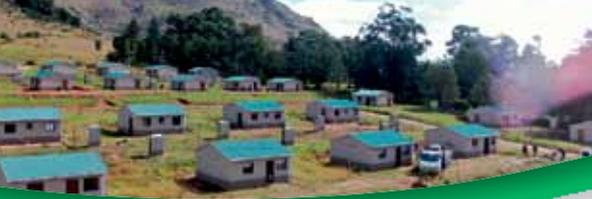
**(a) Virement of R1.203 million from Programme 3: Housing Development to Programme 4: Housing Assets Management (Title Deeds Restoration Grant)**

- (i) Savings amounting to **R1.203 million** were identified in Programme 3 under the Incremental Interventions sub-programme against Goods and services as the Department had challenges with the appointment of a panel of conveyancers. A dispute was lodged by one of the service providers who was unsuccessful. The province has since sought assistance from Housing Development Agency (HDA) to utilise their existing panel of conveyancers for the Title Deeds Restoration programme. These savings were moved to Programme 4 under the Sale and Transfer of Housing Properties sub-programme against Transfers and subsidies to Departmental agencies and accounts to cater for payment made to conveyancers for transfer fees. The department also paid for registration of sectional title scheme for Austerville at the Deeds Office.

**(b) Virement of R11.625 million from Programme 3: Housing Development to Programme 4: Housing Assets Management (Human Settlement Development Grant)**

- (i) Savings amounting to **R11.625 million** were identified in Programme 3 under the Financial Interventions sub-programme against Goods and services is mainly due to the following:
- The disaster management act announced by the Honourable President of the Republic of South Africa to limit the movement of citizens to curb the spread of covid-19 virus. This then contributed to the decrease of land invasions during 2020/21 financial year. The land invasion deployment programme was also reviewed by the department, this resulted in decrease the number of service providers deployed on the ground. One service provider was then deployed to sites instead of three service providers.
  - Provision was made for the payment of Housing Development Agency (HDA) for the management of the catalytic projects. There were delays in receiving of the invoice for the fourth quarter due to outstanding supporting documents.

These savings were moved to Programme 4 under the Sale and Transfer of Housing Properties sub-programme against Transfers and subsidies to Departmental agencies and accounts due to the increase in the tariffs of municipal charges and rates as well an increase in the consumption of services by residents of departmental owned properties.



**Virements within the Programmes of the Department between Economic Classifications**

From	Amount R'000	To	Amount R'000
<b>Equitable Share</b>			
<b>Programme 2: Housing Needs, Research and Planning</b>		<b>Programme 2: Housing Needs, Research and Planning</b>	
<b>Sub-programme: Policy</b>		<b>Sub-programme: Policy</b>	
Compensation of Employees	R 55	Households	R 55
<b>Total</b>	<b>R 55</b>	<b>Total</b>	<b>R 55</b>

From	Amount R'000	To	Amount R'000
<b>Equitable Share</b>		<b>Equitable Share</b>	
<b>Programme 3: Housing Development</b>		<b>Programme 3: Housing Development</b>	
<b>Sub-programme: Administration</b>		<b>Sub-programme: Administration</b>	
Compensation of Employees	R 4 240	Goods and Services	R 504
		Households	R 822
		Machinery and Equipment	R 15
		<b>Sub-programme: Financial Intervention</b>	
		Goods and Services	R 301
		<b>Sub-programme: Incremental Intervention</b>	
		Households	R 2 580
		<b>Sub-programme: Rural Intervention</b>	
		Households	R 18
<b>Total</b>	<b>R 4 240</b>	<b>Total</b>	<b>R 4 240</b>

From	Amount R'000	To	Amount R'000
<b>Title Deeds Restoration Grant (TDRG)</b>			
<b>Programme 3: Housing Development</b>		<b>Programme 3: Housing Development</b>	
<b>Sub-programme: Incremental Intervention</b>		<b>Sub-programme: Incremental Intervention</b>	
Compensation of employees	R 37	Households	R 37
<b>Total</b>	<b>R 37</b>	<b>Total</b>	<b>R 37</b>

From	Amount R'000	To	Amount R'000
<b>Human Settlements Development Grant (HSDG)</b>		<b>Human Settlements Development Grant (HSDG)</b>	
<b>Programme 3: Housing Development</b>		<b>Programme 3: Housing Development</b>	
<b>Sub-programme: Financial Intervention</b>		<b>Sub-programme: Financial Intervention</b>	
Compensation of Employees	R 12 559	Households	R 162 214
Goods and Services	R 9 517	<b>Sub-programme: Rural Intervention</b>	
<b>Sub-programme: Incremental Intervention</b>		Households	R 189 562
Households	R 248 691		
<b>Sub-programme: Social Intervention</b>			
Households	R 81 009		
<b>Total</b>	<b>R 351 776</b>	<b>Total</b>	<b>R 351 776</b>



From	Amount R'000	To	Amount R'000
<b>Equitable Share</b>		<b>Equitable Share</b>	
<b>Programme 4: Housing Assets Management</b>		<b>Programme 4: Housing Assets Management</b>	
<b>Sub-programme: Administration</b>		<b>Sub-programme: Sale and Transfer of Housing Prop</b>	
Departmental agencies and accounts	R 272	Departmental agencies and accounts	R 272
Human Settlements Development Grant (HSDG)		Human Settlements Development Grant (HSDG)	
<b>Programme 4: Housing Assets Management</b>		<b>Programme 4: Housing Assets Management</b>	
<b>Sub-programme: Housing Property Maintenance</b>		<b>Sub-programme: Sale and Transfer of Housing Prop</b>	
Departmental agencies and accounts	R 3 643	Departmental agencies and accounts	R 3 643
<b>Total</b>	<b>R 3 915</b>	<b>Total</b>	<b>R 3 915</b>

**(a) Virement of R55 thousand within Programme 2: Housing Needs, Planning and Research – Policy Sub-programme**

Savings amounting to **R55 thousand** were identified against *Compensation of employees* due to the post of an Assistant Director which was vacated due to natural attrition. These savings were moved to Transfers and subsidies to households to defray expenditure incurred for staff exit costs which is difficult to project due to its nature.

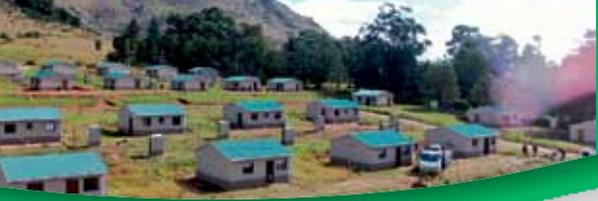
**(b) Virement of R356.053 million within Programme 3: Housing Development:**

**Equitable Share – R4.240 million**

- i. Savings amounting to **R4.240 million** were identified in Administration sub-programme against *Compensation of employees* due to the vacant budgeted posts. There is a moratorium on the filling of posts pending the finalisation of organizational structure. These posts were Chief Director: Sustainable Human Settlements, Deputy Manager: Administration Support, Administration Officers, Driver, etc.

These savings were moved as follows:

- **R504 thousand** to *Goods and Services* resulting from the budget cut during the special and second adjustments period. Travel and subsistence was cut due to the nationwide lockdown where there was limited travel during the initial stage of lockdown. Due to acceleration of service delivery which is evident by fully spent conditional grants, the department had to do site visits on projects which increased the travelling costs.
- **R822 thousand** to *Transfers and subsidies* to Households to defray expenditure incurred for staff exit costs which is difficult to project due to its nature.
- **R15 thousand** to *Machinery and equipment* to defray expenditure incurred for replacement of broken furniture for staff in the Northern Region.
- **R301 thousand** to *Financial Interventions* sub-programme against Goods and services. This was due to the acceleration of service delivery in respect of EPWP planned housing projects in order to catch up with the skills development programme.
- **R2.580 million** to *Incremental Interventions* sub-programme against Transfers and subsidies to households to defray expenditure incurred for construction of temporary residential accommodation for houses damaged by storms between December 2018 and January 2019. This is due to funds that were utilized to address storm damage that occurred at Umshwathi Municipality under Umgungundlovu District.



- **R18 thousand** to *Rural Interventions* sub-programme against Transfers and subsidies to households due to acceleration of service delivery in respect of Amahlongwa rural housing project to catch up with the development programme.

#### **Title Deeds Restoration Grant (TDRG) – R37 thousand**

- ii. Savings amounting to **R37 thousand** were identified in *Incremental Interventions* sub-programme against *Compensation of employees* due to the vacated post resulting from retirement. These savings were moved to *Transfers and subsidies to Households* to defray expenditure incurred for staff exit costs which is difficult to project due to its nature.

#### **Human Settlement Development Grant (HSDG) – R351.776 million**

- iii. Savings amounting to **R22.076 million** were identified in Financial Interventions sub-programme in the following classifications:
  - a. **R12.559 million** against *Compensation of employees* due to the vacant budgeted posts. There is a moratorium on the filling of posts pending the finalisation of organizational structure. These posts were Chief Works Inspectors, Project Construction Managers, Control Works Inspectors, etc.
  - b. **R9.517 million** against *Goods and Services* due to the provision that was made for the payment of Housing Development Agency (HDA) for the management of the catalytic projects and there were delays in the receiving the claim.
- iv. Savings amounting to **R248.691 million** were identified in Incremental Interventions sub-programme against *Transfers and subsidies to Households* is mainly due to the following:
  - a. a. Steve Biko Housing Project in Ilembe District where the contractor appointed by the municipality was terminated due to non-performance on site. The Municipality successfully upgraded the status of Project Managers of the project to Implementing Agents to carry on with the project and the construction will commence in May 2021.
  - b. Madadeni H39 in Amajuba District had challenges with the installation of bulk water supply, however, the District Municipality is in the process of procuring bulk water supply services.
  - c. Charlestown Housing Project in Amajuba District, under spent due to nationwide lockdown. Once lockdown levels decreased, the contractor was back on site but not at full capacity due to lockdown regulations. The contractor is now back on site and construction is underway.
  - d. Phumlasi Housing Project in Umgungundlovu District. The contractor that was appointed for the construction of houses that were left when the previous Implementing Agent abandoned the site during the nationwide lock down. The progress on the building of houses was delayed.
  - e. Dalton Cool-air Housing Project in Umgungundlovu District. The project experienced huge delays in its compliance for township establishment conditions. The main issue was the accesses under the MIG programme by the Municipality which has been hampered due to the contractor not having the capacity to complete the works in line with DOT requirements.
  - f. Copesville Housing Project in Umgungundlovu District delayed due to additional funding for Cable ducts required by the Municipality. Department has prepared a submission to MEC to request for additional funding for the cable ducts, and is awaiting a letter from the Municipality for this application.
- v. Savings amounting to R81.009 million were identified in Social and Rental Interventions sub-programme against Transfers and subsidies to Households due to the under-performance of the implementing Agent for N11 Community Residential Units at Amajuba District. The Department issued the Implementing Agent with notice of breach of contract, and advised them to submit a recovery plan. Furthermore, Ubuhlebezwe Community Residential Unit have been experiencing social issues such as contractor experiencing difficulties on appointing general labourers because of the conflict between the business forum and PSC as well as delays with NHBRC home enrolment.



vi. These savings were moved as follows:

- a. **R162.214 million** to Financial Interventions against *Transfers and subsidies to Households* to defray expenditure incurred for land acquisition at Greater Edendale at Umsunduzi Municipality and at Abaqulusi Municipality in Zululand District for housing development.
- b. **R189.562 million** to Rural Interventions against *Transfers and subsidies to Households* due to the acceleration of service delivery in respect of rural housing projects to catch up with the development programme. These are some of the projects that contributed to the over expenditure; Amahlongwa Rural Housing, Malangeni Rural Housing, Kwandwalane Rural Housing, Emmaus Rural Housing, etc.

**(c) Virement of R3.915 million within Programme 4: Housing Assets Management**

**Equitable Share – R272 thousand**

Savings amounting to **R272 thousand** were identified in Administration sub-programme against *Transfers to Departmental agencies and accounts* due to vacated posts resulting from retirement. These posts were Assistant Director, Administration Officers, etc. These savings were moved to Sale and Transfer of Housing Properties sub-programme against *Transfers to Departmental agencies and accounts* due to the increase in the tariffs of municipal charges and rates as well an increase in the consumption of services by residents of departmental owned properties.

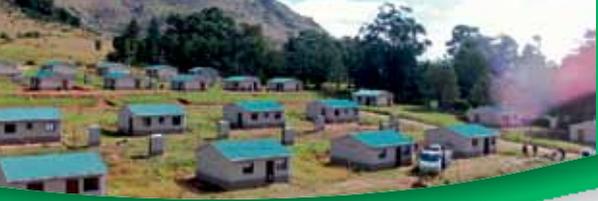
**Human Settlement Development Grant (HSDG) – R3.643 million**

Savings amounting to **R3.643 million** were identified in Housing Property Maintenance against *Transfers to Departmental agencies and accounts* relating to Gamalakhe Rectification of pre-1994 housing stock project. The contractor had to move sites in order to comply with Covid-19 regulations hence there were delays in finalizing the movements. The issues that resulted in delays of the project was resolved in the fourth quarter hence there is savings. These savings were moved to Sale and Transfer of Housing Properties sub-programme against *Transfers to Departmental agencies and accounts* due to the increase in the tariffs of municipal charges and rates as well an increase in the consumption of services by residents of departmental owned properties.

● **Rollovers**

The Department submitted a roll-over request of R16,679 million for unspent equitable share funding from 2020/21 to 2021/22 as follows:

- R9.030 million - In response to the global pandemic and in compliance with directives of the DPSA, the Department evoked its business continuity and contingency plans to ensure that the Department was able to continue to fulfil its mandate while also safeguarding its employees, contractors, etc. to access services from the department. The Department procured 300 laptops to ensure that identified employees to work remotely, continue services to various stakeholders and facilitate the flow of work in the department have a working tool. Due to the high demand for laptops increased dramatically across the world has resulted in stock shortages. The procurement process was concluded and a successful bidder was appointed in January 2021. The department has been informed by the laptop vendor, Hewlett-Packard (HP) that the delivery date for the order is currently estimated to arrive in August 2021.
- R7.649 million - Early retirement programme was announced by Minister of Finance during 2019 budget speech and the objective was to assist the Department in managing budget shortfalls. The National Treasury was to provide central funding for approved early retirements cases. DPSA issued the communication that his project now has been sent back to Provinces and now Departments are responsible for funding of early retirements without penalties. The Department has 17 applicants which were eventually approved by the Head of Department, earmarking the usage of funding from the delay in the filling of vacant funded posts. The Department is awaiting the claim from GEFP relating to the penalties on pension benefits.



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

- During the 2020/21 financial year, the Department did not incur **Unauthorised Expenditure**.
- During the year under review, the Department did not incur any **Fruitless and Wasteful expenditure** but the Department did declare Fruitless and Wasteful expenditure as a prior period error which emanated as a result of interest paid in respect of an arbitration order in lieu of escalations relating to units constructed between December 2012 - July 2015.
- During the year under review, the Department did not incur any **Irregular Expenditure**.

The irregular expenditure previously disclosed in the Annual Financial Statements related 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 although monitoring mechanisms must be in place to ensure SCM processes are complied with when funding is transferred to other entities.

The Department embarked on an extensive process to condone this Irregular Expenditure and after various consultations with National Treasury and Provincial Treasury, a technical opinion was issued as follows, *“all payments made to implementing agents, appointed by municipalities, in terms of the tripartite agreement should not be disclosed as irregular expenditure in the books of the department as the department did not transgress any legislation and is also not the developer of the human settlements.”*

The Department has therefore removed all Irregular Expenditure disclosed in the prior years relating to expenditure incurred on housing projects.

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

The following key strategic priorities will be undertaken during the 2021/22 financial year:

- The implementation of complimentary programmes such as the Expanded Public Works Programme and the Siyakha Incubation Programme demonstrates the Department’s commitment to addressing other pertinent social and economic challenges such as inequality and unemployment. In order to promote the economic agenda of government, focused attention will therefore be given to the provision of economic opportunities to women, youth and persons with disabilities;
- Increased focus on integrated urban development, with emphasis on informal settlements to address the high demand due to rapid urbanisation, land invasion/occupation;
- Radical economic transformation programmes;
- Fast track the implementation of the TRP;
- Address housing needs for the vulnerable groups (OSS and emergency housing);
- Improved IGR and strengthened collaboration with stakeholders;
- Improved and integrated planning through the conceptualisation of a holistic long term integrated plan;
- Facilitate youth development and women empowerment initiatives inclusive of implementing the summit resolutions of Women and Youth as well as people with disabilities;
- Implementation of the Military Veterans Programme;
- Increased focus on the implementation of FLISP;
- Promoting occupational health and safety measures within the work environment with specific emphasis on COVID-19 mitigation measures;
- Provision of permanent housing solutions for households affected by disasters;
- Focused attention on the effective implementation of EPWP;



- Strengthened and focused attention on improving organisational service delivery culture and ethics; and
  - Undertake a holistic Human Settlement Consumer Education programmes.
- **Budget Reduction: 2021/22 financial year**

The table below reflects the budget reduction in the 2021/22 financial year due to the financial implications of the Covid-19 pandemic which has resulted in budget reprioritization within the province:

Allocation	2021/22 R'000
Revised 2020/21 MTEF allocation of which:	3,699,821
• HSDG	2,455,021
• EPWP	7,149
• Informal Settlement Upgrade Partnership Grant	714,375
• Provincial Emergency Housing Grant	102,590
Conditional Grant	3,279,135
<b>Equitable Share</b>	<b>420,686</b>
<b>Baseline allocation</b>	<b>3,948,838</b>
HSDG budget cut	(312,129)
Conditional Grant roll-over: Provincial Emergency Housing Grant	102,590
2021 MTEF Fiscal consolidation and Compensation of Employees reductions	(44,954)
Revenue over-collection from FLISP sales etc. allocated back	5,476
<b>Adjusted Allocation</b>	<b>3,699,821</b>

The budget cut for 2021/22 financial year forced the Department to reduce the number of units to be constructed for low income households. This decline in delivery targets impacts negatively on the most vulnerable citizens for housing subsidies, they will now wait longer periods to receive their houses.

There has also been a reduction in the title deed restoration grant, which also forced the Department to revise the business plan and delivery targets downwards. The reduced delivery also reduced the Department's ability to ensure that all approved beneficiaries who received houses before 2014 have full title ownership of the houses.

The reduction in the allocated funds have a direct impact on service delivery. The Department has a responsibility to provide decent shelter to the needy, any reduction therefore means the moving target of housing backlogs will be difficult to eliminate.

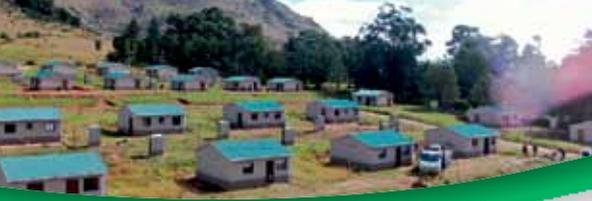
The Department worked hard to meet the targets set out in the business plan, a total of 4 838 sites were serviced and 9 598 units completed. The title deeds delivered for the year came to 1 438.

The Covid-19 lockdown regulations had a severe impact on the construction industry, with only emergency work permitted between 1 April and 3 June 2020, resulting in non-achievement of service delivery targets for the said period.

Construction was permitted to resume in June 2020, however in line with revised health and safety protocols as issued by the Department of Labour. The impact of the lengthy shutdown caused a severe shortage of building materials post hard lockdown period. Contractors therefore had to wait extended periods to get the required materials delivered on site in order to complete outstanding work.

The demand and supply dynamics also resulted in escalated prices of materials such as cement and steel. With this change in prices, mostly large construction companies were able to source materials on time for their projects, thus negatively affecting the small –medium sized companies that are involved in the Home building industry.

The under achievement in the transfer was largely due to delays in finalising township register, due to a slowdown in activities during the lockdown period as well as the constant closure of various offices, including the Deeds office due to Covid-19 cases.



- **Public-Private Partnerships**

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

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

There are no discontinued activities or activities to be discontinued.

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

The Department does not have any new or proposed activities and there are no envisaged policy interventions.

- **Supply Chain Management**

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

- SCM processes and systems in place include financial delegations, policies, internal circulars and relevant prescripts and legislation.
- Bid committees (specification, evaluation and adjudication) are in place and members are appointed in writing.
- 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 various bid committees are scheduled weekly to ensure that bids are awarded in a timeous manner.

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

- Delays in finalising procurement requests – the Department identified serious non-compliance with the declaration of interest by service providers, which led to most quotations being non-responsive. The standard quotation document was enhanced to assist suppliers.
- Non-compliance to local content requirements by suppliers – the Department resorted to having compulsory briefings on most procurement that has an element of local content and production; this was done to assist suppliers so that they get better clarity on how to prepare local content disclosures.
- Delays in finalising the bid process – in order to expedite the bid process, the Department has appointed multiple bid evaluation committees and has adopted the strategy of appointing bid committees on a procurement by procurement basis.
- Unaudited assets – the SCM Unit started a process of clearing assets that have not been verified over the years. This included the re-investigation of all unfound assets by internal staff, writing off assets that would have reached the end of their life-span and also issuing letters to staff advising them to report unaudited assets to Loss Control
- Unauthorized movement of assets – the unit implemented a process of spot audits in order to deal with unauthorised movements of assets.

- **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 stakeholders and sector partners for their valuable engagements and support during the financial year, especially in these unprecedented times of the Covid-19 pandemic which contributed to challenges experienced during the implementation of the Department's service delivery mandate. The results of the Department's service delivery performance is based on the commitments and unwavering dedication of the staff who contributed unselfishly in their efforts to address the housing backlog.

- **Conclusion**

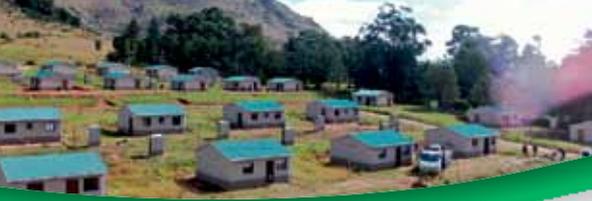
In conclusion, I would like to acknowledge the efforts made by the entire management team and staff of the Department, who work tirelessly to assist individuals and families with the provision of housing opportunities. To our partners, Municipalities, Implementing Agents and other Departments, thank you for helping us for not only improving the lives of our people, but for also ensuring a dignified life.

- **Approval and sign off**

The Annual Financial Statements set out on pages 142 to 238 have been approved by the Accounting Officer.

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**Mr. M. O.S. Zungu**  
**Accounting Officer**  
**KwaZulu-Natal Department of Human Settlements**  
**Date: 31 July 2021**



## **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 2021.

Yours faithfully

**Mr. M. Q.S. Zungu**  
**Accounting Officer**  
**KwaZulu-Natal Department of Human Settlements**  
**Date: 31 July 2021**



## 6. STRATEGIC OVERVIEW

### 6.1 Vision

To restore dignity and provide access to sustainable livelihoods through collaborated, equitable, decent and integrated human settlements.

### 6.2 Mission

To transform human settlements into liveable neighbourhoods through integrated human settlements programmes in areas with major economic opportunities and empowerment of all designated groups.

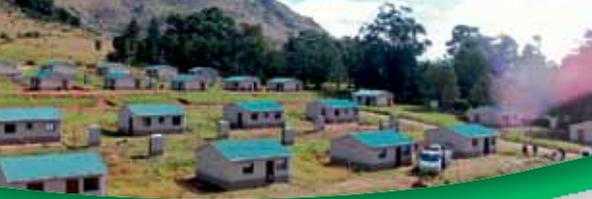
### 6.3 Values

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
<b>Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)</b>	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.
<b>Housing Act, 1997 (Act No. 107 of 1997)</b>	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
<b>Housing Consumer Protection Measures Act, 1998 (Act No. 95 of 1998)</b>	Chapter 1: Section 3: The object of the Council is to: (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.
<b>Rental Housing Act, 1999 (Act No. 50 of 1999)</b>	Chapter 2: Section 1: Provides that Government must promote a stable and growing market that progressively meets the latent demand for affordable rental housing among persons historically disadvantaged by unfair discrimination and poor persons, by the introduction of incentives, mechanisms and other measures that: (i) improve conditions in the rental housing market; (ii) encourage investment in urban and rural areas that are in need of revitalization and resuscitation; and (iii) correct distorted patterns of residential settlement by initiating, promoting and facilitating new development in or the redevelopment of affected areas
<b>Sectorial Titles Act, 1986 (Act No. 95 of 1986, as amended by Act No. 24 &amp; 29 of 2003)</b>	The Act provides for the division of buildings into sections and common property and for the acquisition of separate ownership in sections coupled with joint ownership in common property. The Act further provides for: The control of certain incidents attaching to separate ownership in sections and joint ownership in common property; The transfer of ownership of sections and the registration of sectional mortgage bonds over, and real rights in sections; The conferring and registration of rights in, and the disposal of, common property; The establishment of bodies corporate to control common property and for that purpose to apply the rules; and The establishment of a sectional titles regulation board.



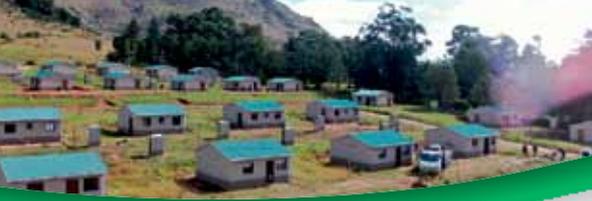
Legislation	Mandate
<b>Prevention of Illegal Eviction and Unlawful Occupation of Land Act, 1998 (Act No. 19 of 1998)</b>	<p>Provides that: in circumstances of an eviction, an organ of state may institute proceedings for the eviction of an unlawful occupier from land which falls within its area of jurisdiction, 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> <p>(a) the consent of that organ of state is required for the erection of a building or structure on that land or for the occupation of the land, and the unlawful occupier is occupying a building or structure on that land without such consent having been obtained; or</p> <p>(b) it is in the public interest to grant such an order.</p> <p>It further provides that an organ of state contemplated in subsection may before instituting such proceedings; give not less than 14 days' written notice to the owner or person in charge of the land to institute proceedings for the eviction of the unlawful occupier.</p>
<b>Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000)</b>	<p>Provides that an office of disclosure must be established in order to deal with financial institutions financial statements. The work incidental to the performance of the functions of the Office must be performed by a secretariat consisting of officials of the Department designated for that purpose by the Minister. The Director-General of Housing is the Accounting Officer for the Office and must cause the installation of the necessary financial controls and management measures by the Office to ensure full accountability for expenses incurred by the Office.</p>
<b>Disestablishment of South African Trust Limited Act, 2002 (Act No. 26 of 2002)</b>	<p>Provides that: All rights and assets of the Company, including the administrative, financial and other records of the Company, vest in the National Housing Finance Corporation (as per the Housing Act), all obligations and liabilities of the Company now vest in the Government as part of the national debt. Thus the Government must meet these obligations and liabilities.</p>
<b>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)</b>	<p>The court held that the State was obliged to take positive action to meet the needs of those living in extreme conditions of poverty, homelessness or intolerable housing. The interconnectedness of the rights and the Constitution as a whole had to be taken into account in interpreting the socio-economic rights and in particular, in determining whether the State had met its obligations in terms of them. The court held that the national government bore the overall responsibility for ensuring that the State complied with the obligations imposed on it by Section 26. The land program adopted by the metropolitan council, on the face of it, met the obligation of the State towards persons in the position of the respondents to the extent that the national housing program did not. The existence of the program was, however, only the starting point. Effective implementation of it required at least adequate budgetary support by national government. As at the date of the launch of the application, the State had not been meeting the obligation imposed on it by section 26 within the relevant area. In particular, the programs adopted by the State fell short of the section's requirements, in that no provision was made for relief to categories of people in desperate need. The Constitution obliged the State to act positively to ameliorate these conditions. This obligation was to devise and implement a coherent and coordinated program, designed to provide access to housing, healthcare, sufficient food and water and social security to those unable to support themselves and their dependents. The State also had to foster conditions to enable citizens to gain access to land on an equitable basis. Those in need had a corresponding right to demand that this be done. However, section 26 (and also section 28) did not entitle the respondents to claim shelter or housing immediately on demand.</p>



<b>Legislation</b>	<b>Mandate</b>
<b>KwaZulu-Natal Housing Act, 1998 (Act No. 12 of 1998 as amended)</b>	Chapter 4 provides that: 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. The department shall, subject to national and provincial housing policy and after consultation with the Minister, on behalf of the Provincial Government: (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.
<b>Housing Development Schemes for Retired Persons Act, 1998 (Act No. 65 of 1988) as amended by Act No. 20 of 1998</b>	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.
<b>National Building Regulations and Building Standards Act, 1997 (Act No. 103 of 1977)</b>	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.
<b>Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)</b>	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.
<b>Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)</b>	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.
<b>Social Housing Act, 2008 (Act No. 16 of 2008)</b>	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.
<b>Housing Development Agency Act, 2008 (Act No. 23 of 2008)</b>	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.
<b>National Environmental Management Act, 1998 (Act No. 107 of 1998) as amended by Act No. 8 of 2004</b>	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.



<b>Legislation</b>	<b>Mandate</b>
<b>Communal Land Rights, 2004 (Act No. 11 of 2004)</b>	Makes provision for: The legal security of tenure by transferring communal land, including KwaZulu-Natal Ingonyama land, to communities, or by awarding comparable redress; conducting of a land rights enquiry to determine the transition from old order rights to new order rights; the democratic administration of communal land by communities; to provide for Land Rights Boards; and The co-operatives performance of municipal functions on communal land.
<b>Communal Property Associations, 1996 (Act No. 28 of 1996)</b>	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.
<b>Deeds Registries Act, 1937 (Act No. 47 of 1937)</b>	The Act deals with the administration, registration of land and State land and details the procedures which need to be followed during same.
<b>Extension of Security of Tenure Act, 1997 (Act No. 62 of 1997)</b>	The Act promotes: 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.
<b>Land Administration Act, 1995 (Act No. 2 of 1995)</b>	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.
<b>Expropriation Act, 1951 as repealed by Act No. 63 of 1975</b>	The Act provides for the expropriation of land and other property for public and certain other purposes.
<b>State Land Disposal Act, 1961 (Act No. 48 of 1961)</b>	This Act provides for the disposal of certain State land and to prohibit the acquisition of State land by prescription.
<b>The KwaZulu-Natal Elimination and Prevention of Re-Emergence of Slums Act. 2007, and the Amendment Bill, 2020</b>	The Act is to provide for the progressive elimination of slums in the Province of KwaZulu-Natal; to provide for measures for the prevention of the re-emergence of slums; to provide for upgrading and control of existing slums; and to provide for matters connected therewith.

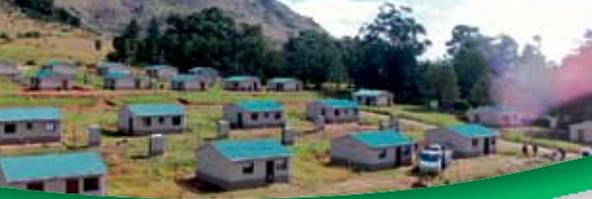


## Policy and Programme Mandates

Name Of Policy	Mandate
<p><b>Informal Settlement Upgrading Strategy for KwaZulu-Natal</b></p>	<p>A key objective of the Strategy is to give effect to the KwaZulu-Natal Elimination and Prevention of Re-Emergence of Slums Act (Act No. 6 of 2007). The purpose of this Act is to provide for: ‘the progressive elimination of slums in the Province of KwaZulu-Natal; measures for the prevention of the re-emergence of slums and the upgrading and control of existing slums.’ The Act obliges all 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:            enhancing the Housing Sector Planning process by including a Slum Clearance Programme;            promoting sector alignment in terms of IDP, Integrated Sustainable Human Settlements, Area Based Planning, Spatial Restructuring;            developing an informal settlement plan of action and to implement it together with the affected municipalities; and            promoting community participation in formulation and implementation of Slum Clearance Programme.</p>
<p><b>The Integrated Sustainable Rural Development Strategy, November 2000</b></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><b>The National Housing Code, 2009</b></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>



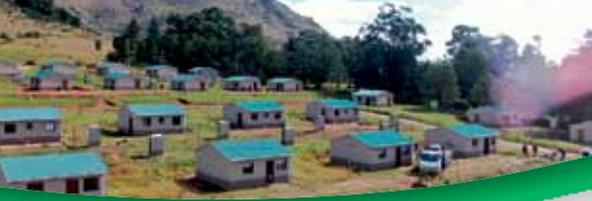
Name Of Policy	Mandate
<p><b>The National Spatial Development Perspective, 2006</b></p>	<p>The document comprises: A set of principles and mechanisms for guiding infrastructure investment and development decisions; A description of the spatial manifestations of the main social, economic and environmental 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> <p>In order to contribute to the broader growth and development policy objectives of Government the document advocates the following five principles: 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. 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. 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. Principle 4: Efforts to address past and current social inequalities should focus on people, not places. 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><b>Building capacity of housing stakeholders (especially municipalities)</b></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. 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. The Housing Accreditation programme is meant to support the municipalities.</p>
<p><b>Outcome 8: Medium Term Strategic Framework 2014-2019</b></p>	<p>The Framework focuses on policy and funding reforms to achieve the following: 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: Adequate housing and improved quality living environments; A functionally equitable residential property market; and Enhanced (institutional) capabilities for effective coordination of spatial investment decisions.</p>



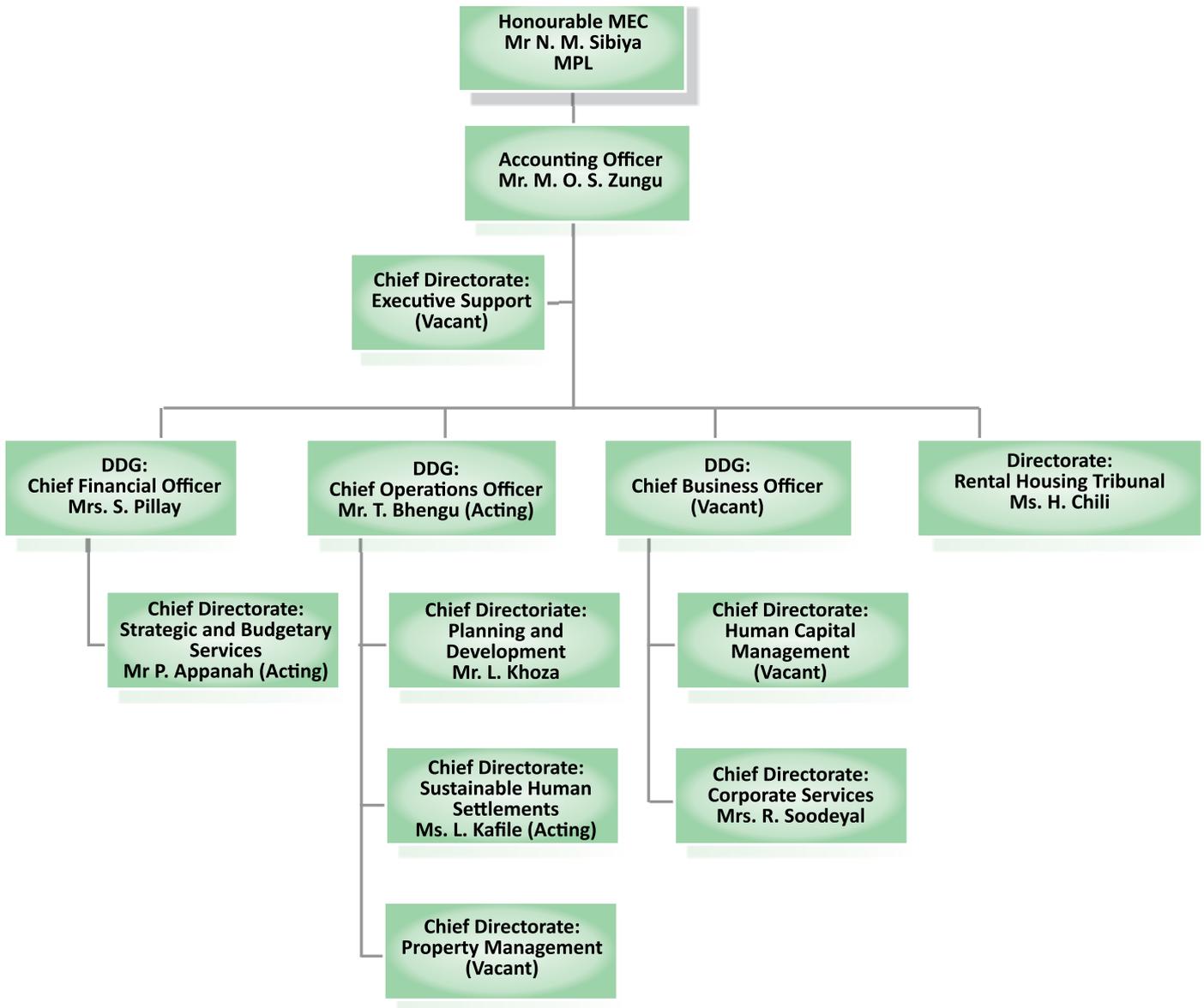
Name Of Policy	Mandate
<p><b>Provincial Growth and Development Plan</b></p>	<p><b>Strategic Objective 3.4: Sustainable Human Settlements</b></p> <p>The provision of a house remains an important part of human settlements it is now common cause that liveable human settlements require decent planning that 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><b>Intervention 3.4.a: Establishment of a joint provincial forum addressing integrated development planning</b></p> <p>A human settlement in particular requires co-ordination such that houses, water, electricity and sanitation are an immediate part of the same product, whilst community life is also enabled by provision of schools, and other social facilities. It is not clear why this co-ordination is not possible despite it having been long recognized to be a requirement. This intervention is about providing a model for this alignment and co-ordination of government efforts for improved delivery of sustainable Human Settlement. This forum will use as its departure point the Provincial Spatial Development Framework, which has identified KZN's areas of opportunity and intervention.</p> <p><b>Intervention 3.4.b: Densification of settlement patterns</b></p> <p>This intervention recognizes that the current settlement patterns are not conducive to cost effective service delivery or environmentally sustainable settlements. This is as a result of dispersed and fragmented settlement patterns that require people to travel long distance to access economic opportunities or lesser density per hectares that are more expensive to service. This intervention proposes an alternative densification model that uses current housing instruments to achieve greater urban densities and more coherent integrated settlements around identified emerging nodes.</p> <p><b>Intervention 3.4.c: Transformation of Informal Settlements</b></p> <p>This intervention is about providing housing opportunities to people at the low end of the housing market. It proposes to transform these informal settlements via the business instruments of: Informal Settlements Upgrade; Integrated Residential Development Programme; and Enhanced Peoples Housing Programme. In this way, people living in informal settlements have greater opportunity to access tenure of housing, economic and social opportunities.</p> <p><b>Intervention 3.4.d: Develop Provincial Strategy and Plan to address housing Gap &amp; Middle Income / Affordable Market</b></p> <p>This intervention seeks to provide housing subsidy for people, who earn between R 3 501 – R 22 000 per month. The Finance Linked Individual Subsidy Programme (FLISP) instrument addresses this housing subsidy market.</p> <p>The policy on FLISP distinguishes income categories as follows:</p> <p>R3501 – R7000 (GAP Market: as such income category market do not qualify for a free BNG house nor do they qualify for a mortgage bond usually, hence referred to as "gap"). This category is therefore accommodated by inclusion of gap income market in all new IRDP housing projects. R 7000 – R 22 000 (Middle Income / Affordable market. The financial institutions refer to this category as "affordable", and this income category allows for the subsidising of a purchase of a first home, with a mortgage bond, in primary (new builds) or secondary market. The subsidy is availed to reduce the mortgage bond debt OR to be used as a deposit OR where 100% bond is not granted.</p>



Name Of Policy	Mandate
	<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>
<p><b>National Development Plan</b></p>	<p>Chapter 8: Transforming Human Settlements The objectives include the following: 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> <p>Actions: 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.</p>
<p><b>Breaking New Ground - A Comprehensive Plan for the Development of Sustainable Human Settlements</b></p>	<p>The specific objectives include: 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> <p>The Department will enhance its contribution to spatial restructuring by: 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.</p>



## 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), Housing Development Agency (HDA) and Rental Housing Association Fund (RHAf).



**KWAZULU-NATAL PROVINCE**

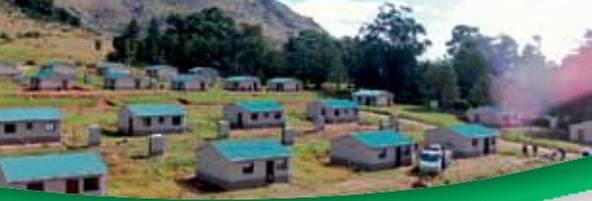
**HUMAN SETTLEMENTS**  
REPUBLIC OF SOUTH AFRICA

# **PART B**

# **PERFORMANCE**

# **INFORMATION**





## 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to report on the audit of the annual performance report on page 137 of the Report of the Auditor General, published as Part E: Financial Information.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service Delivery Environment

The Department has performed well over the last financial year. The targets for service sites was exceeded whilst the units had a shortfall of 438 units. The land legal issues and delays in opening of township 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	10,036	9,598

#### 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 information tools	Desired information tools	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 2021:

- 69% of the black employees are at senior management level;
- 56% of senior management level employees are female; and
- 1,75% of people with disabilities are employed.

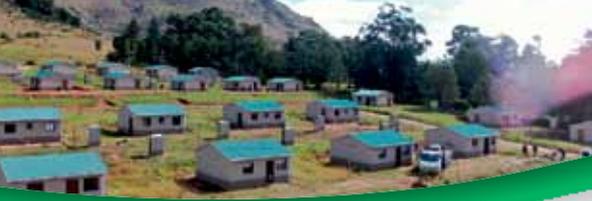
With regard to the age distribution, the Department has a fairly balanced staff complement in terms of youth, middle age and mature staff.

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

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

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

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



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

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

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

During the forthcoming year, attention will be given to human resource planning to ensure effective forecasting, inventorying, and securing the Department's provision of skilled human resources, review and alignment of the organizational structure and a seamless human resource administration services that will ensure availability of the right number and maximum utilization of human resources. The optimal utilisation of human and other resources within the cost containment imperatives is also deemed to be essential in order to maximise productivity and effectiveness.

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

No key policy or legislative changes.



### 3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The table below reflects the revised 5 year targets as per the 2019-2024 Strategic Plan.

Impact Statement	Sustainable livelihoods through transformed human settlements	
Outcomes	Outcome Indicator	Revised Five Year Target
Improved good governance	A clean audit outcome	5
Spatial transformation through multi-programme integration	Number of projects catalytic projects implemented	7
	Number of projects implemented within the gazette PDAs	51
Adequate housing and improved quality living environment	Number of informal settlements upgraded	5
	Number of BNG houses delivered through housing programmes of the housing code	76,396
	Number of serviced sites delivered through housing programmes of the housing code	27,017
Improved Security of Tenure	Number of title deeds registered (pre-1994 to March 2025)	139,662
Economically transformed human settlements sector	Number of economically empowered companies of designated groups	150

Detailed information on the outcomes and progress towards achievement of the 5 year targets is disclosed in section 4 Performance information by programme below. This information has been reflected for the MTEF period.

### 4. PERFORMANCE INFORMATION BY PROGRAMME

#### 4.1 Programme 1: Administration

The purpose of the Administration Programme is to identify and eliminate bottle-necks, as well as continuously improve the flow of financial, administrative and management information.

This Programme also:

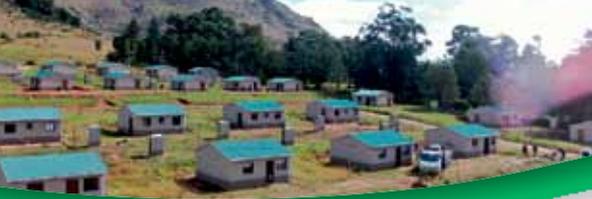
- Provides overall strategic leadership, coordination and management of strategies towards the achievement of sustainable human settlements for all people in the Province of KwaZulu-Natal;
- Administer the Department in line with good governance practice; and
- Formulate and/or review policies and strategies in line with legal prescripts and national and provincial priorities.

The sub-programme under this programme is as follows:

- **Corporate Services**

#### **Outcomes, outputs, output indicators, 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.



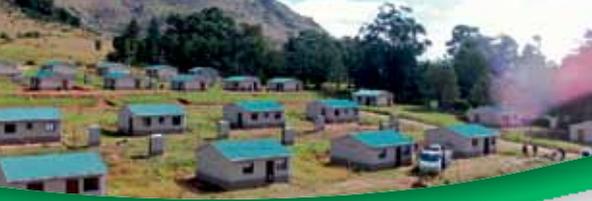
**Programme 1: Administration (Quarter 1 Achievement against 2020/21 Original APP Target)**

Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Good Governance	Approved Human Resource Plan Implemented	Approved Human Resource Plan Implementation Report submitted annually	-	-	1	-	(1)	Target was moved and achieved in Quarter 2.	Target was moved to Quarter 2 due to the COVID-19 PSR Laws.
Improved Good Governance	Updated Information and Communication Technology (ICT) Governance Framework	Approved ICT Governance Framework reviewed annually	1	1	1	-	(1)	Delays in procurement and contracting process impacted the implementation of the review project.	Unrevised
Improved Good Governance	Updated Fraud Prevention Plan	Approved Fraud Prevention Plan reviewed annually	1	1	1	-	(1)	Target was achieved in Quarter 4	Unrevised
Improved Good Governance	Annual Financial Statements submitted for audit	Annual Financial Statements submitted	-	-	2	-	(2)	Target was moved and achieved in Quarter 2.	Target was moved to Quarter 2 due to the COVID-19 PFMA Laws.
Improved Good Governance	Improved Annual Performance Information Management	Annual Performance Information Management Report submitted	-	-	1	1	-	Target has been achieved	Unrevised



**Programme 1: Administration (Quarter 2 – Quarter 4 Achievement against 2020/21 Re-tabled APP Target)**

Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations
Improved Good Governance	Approved Human Resource Plan Implemented	Approved Human Resource Plan Implementation Report submitted annually	-	-	1	1	-	Target has been achieved
Improved Good Governance	Updated Information and Communication Technology (ICT) Governance Framework	Approved ICT Governance Framework reviewed annually	1	1	1	-	(1)	Delays in procurement and contracting process impacted the implementation of the review project.
Improved Good Governance	Updated Fraud Prevention Plan	Approved Fraud Prevention Plan reviewed annually	1	1	1	1	-	Target has been achieved
Improved Good Governance	Updated Enterprise Risk Management Strategy	Approved Enterprise Risk Management Strategy reviewed annually	-	-	1	1	-	Target has been achieved
Improved Good Governance	Annual Financial Statements submitted for audit	Annual Financial Statements submitted	-	-	2	2	-	Target has been achieved
Improved Good Governance	COVID - 19 Back to Work Preparedness Plan Progress Reports submitted otherwise in a contract or agreement)	COVID - 19 mitigation interventions implemented in the workplace	-	-	3	3	-	Target has been achieved



**Progress on Institutional Response to the COVID-19 Pandemic**

Budget Programme	Business Unit	Intervention	Geographic Location	No. Of Beneficiaries	2020/21 Budget Allocation	2020/21 Budget Spent	Contribution To App	Immediate Outcomes
PROGRAMME 1	Auxiliary Services	Decontamination of offices.	11 KZN Districts	727 Departmental Officials	R1 500 000,00	R1 560 000,00	Covid-19 Back to work preparedness plan.	Flattening the COVID-19 curve.
	Auxiliary Services	Protective Personal Equipment for employees.	11 KZN Districts	727 Departmental Officials Masks and Sanitizers				
	Communication Services	Communication: Emphasis on safety and health protocols. Continued reporting on Departmental services and achievements.	Internal and external stakeholders	Internal Stakeholders Reached: 727 Departmental Officials (Circulars, posters, social media, intranet and e-mails)  Estimated External Stakeholders Reached: Website: 441 995 visitors Social media: - Facebook – 13,800 - Twitter – 5,367 - Instagram - 569 Newspaper editorials: - Mercury – 234,000 readers - Isolezwe – 943,000 readers Radio talk-shows and slots: - Ukhozi FM - 7,670,000 listeners - Lotus FM: 150,000 listeners - Gagasi FM – 1,394,000 listeners - Vuma FM – 239,000 listeners - East Coast radio – 1,023,000 listeners Outreach programmes: - 2,030 members of the public in 29 engagements (average of 780 members per event)				Maintaining the image of a caring and effective Department even in the wake of a disaster.



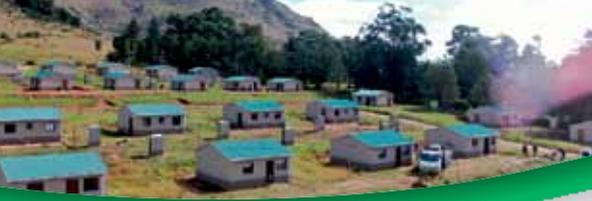
### Strategy to overcome areas of under performance

The Department has implemented measures to ensure all invoices are settled within 30 days of receipt. Due to unforeseen circumstances, invoices will at times exceed the 30 days payment period but this is communicated with the service providers.

### Linking performance with budgets

#### Sub-programme expenditure

Sub- Programme Name	2020/2021			2019/2020		
	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	238,977	236,079	2,898	231,590	231,590	-
<b>Total</b>	<b>238,977</b>	<b>236,079</b>	<b>2,898</b>	<b>231,590</b>	<b>231,590</b>	<b>-</b>



## **4.2 Programme 2: Housing Needs, Research and Planning**

The purpose of this programme is to develop tools to guide the Department's investment decisions and to provide policy and support to the housing delivery process.

In addition, the programme provides for the facilitation and integration of housing sector planning, education of stakeholders in housing sector planning, alignment of the housing budget with the current and future housing needs, and the capacitation of housing stakeholders for housing delivery through mentorship and training.

Programme 2 consists of four sub-programmes, in line with the uniform budget and programme structure of the Human Settlements sector as follows:

- Administration;
- Planning;
- Policy; and
- Research.

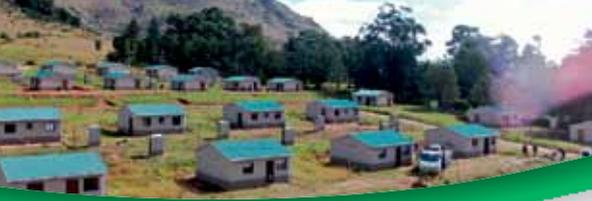
### **Outcomes, outputs, output indicators, targets and actual achievements**

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.



**Programme 2: Housing Needs, Research and Planning (Quarter 1 Achievement against 2020/21 Original APP Target)**

Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Spatial transformation through multi-programme integration	Individuals provided with consumer education	Number of households provided with consumer education	23,147	13,892	15,000	-	(15,000)	The programme could not be implemented due to COVID-19 Lockdown restrictions that prohibited social gatherings. Even after the easing of the COVID-19 Lockdown restrictions, the permitted number of people per social gathering was severely reduced.	The programme could not be implemented due to COVID-19 Lockdown restrictions that prohibited social gatherings. Even after the easing of the COVID-19 Lockdown restrictions, the permitted number of people per social gathering was severely reduced.
Spatial transformation through multi-programme integration	Catalytic Projects in planned in terms of planning milestones	Number of Catalytic Projects in planning	5	-	5	-	(5)	Target was achieved and reported after Quarter 1	Unrevised
Spatial transformation through multi-programme integration	Human Settlement Development projects planned in accordance with the KZN HSMSP's focus areas/PDA'S	Number of Human Settlement Development projects planned in accordance with the KZN HSMSP's focus areas/PDA'S	-	-	21	-	(21)	Target was exceeded and reported after Quarter 1	Unrevised

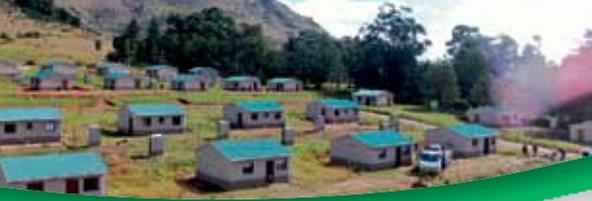


**Programme 2: Housing Needs, Research and Planning (Quarter 1 Achievement against 2020/21 Original APP Target)**

Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Spatial transformation through multi-programme integration	Hectares of land procured/proclaimed	Number of Hectares of land procured/proclaimed	-	174	150	-	(150)	Target was exceeded and reported after Quarter 1	Unrevised
Spatial transformation through multi-programme integration	Farm dweller housing projects planned	Number of farm dweller housing projects in planning	-	-	2	-	(2)	50% of the target was achieved and reported after Quarter 1	Unrevised
Spatial transformation through multi-programme integration	Planning milestones achieved on a progressive basis for Phase 3 of the informal settlements upgrade programme	Number of projects in planning to upgrade Informal Settlements to Phase 3 of the programme	-	-	16	-	(16)	Target was exceeded and reported after Quarter 1	Unrevised



Programme 2: Housing Needs, Research and Planning (Quarter 2 – Quarter 4 Achievement against 2020/21 Re-tabled APP Target)									
Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	
Spatial transformation through multi-programme integration	Individuals provided with consumer education	Number of households provided with consumer education	23,147	13,892	3,000	5,075	2,075	Target has been exceeded. Future target setting to be reviewed.	
Spatial transformation through multi-programme integration	Catalytic Projects in planned in terms of planning milestones	Number of Catalytic Projects in planning	5	-	5	5	-	Target has been achieved.	
Spatial transformation through multi-programme integration	Human Settlement Development projects planned in accordance with the KZN HSMSP's focus areas/PDA'S	Number of Human Settlement Development projects planned in accordance with the KZN HSMSP's focus areas/PDA'S	-	-	21	55	34	The feasibility studies were completed earlier than expected.	
Spatial transformation through multi-programme integration	Hectares of land procured/proclaimed	Number of Hectares of land procured/proclaimed	-	174	150	255	105	Additional land procurement was required for Human Settlements Development.	
Spatial transformation through multi-programme integration	Farm dweller housing projects planned	Number of farm dweller housing projects in planning	-	-	2	1	(1)	Thuthuka Ngele Project was approved by MEC in the current financial year for implementation in the 2021/22 financial year. However, the feasibility study for the Groenvlei Project could not be completed due to the delays in obtaining planning approvals affected delivery in this indicator.	



Programme 2: Housing Needs, Research and Planning (Quarter 2 – Quarter 4 Achievement against 2020/21 Re-tabled APP Target)									
Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	
Spatial transformation through multi-programme integration	Planning milestones achieved on a progressive basis for Phase 3 of the informal settlements upgrade programme	Number of projects in planning to upgrade informal Settlements to Phase 3 of the programme	-	-	16	17	1	The feasibility studies were completed earlier than expected.	



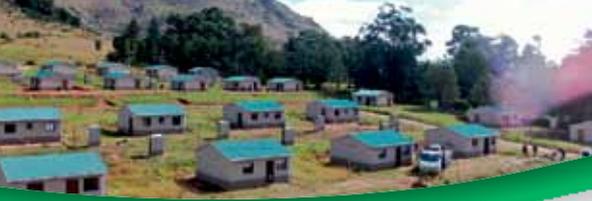
**Strategy to overcome areas of under performance**

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.

**Linking performance with budgets**

**Sub-programme expenditure**

Sub- Programme Name	2020/2021			2019/2020		
	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	458	430	28	398	398	-
Policy	4,185	4,044	141	3,786	3,786	-
Planning	3,945	3,786	159	3,292	3,292	-
Research	8,555	8,097	458	9,600	9,600	-
<b>Total</b>	<b>17,143</b>	<b>16,357</b>	<b>786</b>	<b>17,076</b>	<b>17,076</b>	<b>-</b>



### **4.3 Programme 3: Housing Development**

This programme is responsible for the implementation and monitoring of housing delivery within all districts including the eThekweni Metropolitan municipality through various subsidy mechanisms in terms of national and provincial policies.

Programme 3 is the core function of the Department and serves to promote effective and efficient human settlements delivery through various housing subsidy instruments. Its focus is to achieve targets, which contribute to the national priorities targets, as per the MTSF. This Programme also plays a fundamental role towards the realisation of the Department's mission and vision.

The housing programmes implemented by this Programme include: FLISP, EPHP, ISUP, IRDP, Emergency Housing and OSS, as well as Social/Rental Housing, CRU's, Rectification/Rehabilitation (Post-1994), Military Veterans, Social and Economic Amenities and Rural Housing Programmes. Programme 3 carries the core functions of the Department hence it utilises the bulk of the HSDG in achieving the set targets.

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

The sub-programmes under this programme are as follows:

- Administration;
- Financial Interventions;
- Incremental Interventions;
- Social and Rental Interventions;
- Rural Interventions.

#### **Outcomes, outputs, output indicators, targets and actual achievements**

Programme 3 focuses mainly on the goal of "Improving the quality of delivery services". It does this through the strategic objectives: "Accelerate the delivery of slums clearance and Outcome 8 projects, and Accelerate the provision of rental / affordable (FLISP) opportunities".



Programme 3: Housing Development (Quarter 1 Achievement against 2020/21 Original APP Target)										
Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Adequate housing and improved quality living environment	Social Housing Units Completed	Number of Social housing units completed	558	208	-	200	-	(200)	<p>1. The social housing projects were affected by the Covid-19 delays and the delays in the approval process at the SHRA. Also, delay in sourcing debt funding by the SHI's, Deeds Office closure during lockdown period meant the property transfer was also delayed.</p> <p>2. Hospital Street Social Housing Project was also affected by the social facilitation challenges as this was the first social housing project in the area. Extensive engagements with the municipality, political leadership and community delayed the implementation of the project.</p> <p>3. Bridge City Towers Social Housing Project by eThekweni Metro was affected by the delays in the approval of building plans that made it impossible for the project move to construction phase.</p> <p>4. Two projects were planned to commence but only one project managed to graduate to the construction phase in the current financial year.</p>	Unrevised



Programme 3: Housing Development (Quarter 1 Achievement against 2020/21 Original APP Target)										
Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Adequate housing and improved quality living environment	Community Residential Units Completed	Number of Community residential units completed	108	48	-	400	-	(400)	Target was exceeded and reported in Quarter 4	Unrevised
Adequate housing and improved quality living environment	FLISP subsidies disbursed	Number of Beneficiaries subsidized in terms of the FLISP Programme	377	245	401	330	10	(320)	Unforeseen circumstances of the COVID-19 Lockdown resulted in the poor performance on FLISP for the current quarter. Target was revised.	COVID-19 Lockdown restrictions that prohibited movement made it difficult for the Departmental officials to access FLISP beneficiaries.
Adequate housing and improved quality living environment	Improved access for housing access to households earning up to R3,500	Number of Housing Units Completed through housing programmes (excluding social/rental/CRU and FLISP) for households earning up to R3,500	-	-	-	13,130	798	(12,332)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Halt in construction activity due to COVID-19 Lockdown during the months of April and May affected the delivery of housing units across all programmes. Budget was also reduced due to COVID-19.



Programme 3: Housing Development (Quarter 1 Achievement against 2020/21 Original APP Target)										
Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Adequate housing and improved quality living environment	Improved access for housing households earning up to R3,500	Number of Sites Serviced through housing programmes to households earning up to R3,500	6,280	5,574	5,952	5,138	347	(4,791)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Halt in construction activity due to COVID-19 Lockdown during the months of April and May affected the delivery of serviced sites across all programmes. Budget was also reduced due to COVID-19.
Adequate housing and improved quality living environment	Informal settlements upgraded to Phase 3	Number of informal settlements upgraded to Phase 3	-	-	-	2	-	(2)	Delay in achieving targets due to delays in finalising upgrading due to Covid-19.	Unrevised
Economically transformed human settlements sector	Companies of designated group trained	Number of designated group companies trained	-	-	-	100	-	(100)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	The target was reduced to comply with the COVID-19 Lockdown Regulations in terms of permissible number of people in a particular venue.



Programme 3: Housing Development (Quarter 1 Achievement against 2020/21 Original APP Target)										
Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Economically transformed human settlements sector	Work opportunities created	Number of work opportunities created through related programmes	9,226	7,492	4,386	5,000	588	(4,412)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Due to the COVID-19 Lockdown there has been little to no activities on construction site and very few job opportunities were created.
Economically transformed human settlements sector	Full Time Equivalents created	Number of Full Time Equivalent (FTE's) created	-	-	1,717	2,000	40	(1,960)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Due to the COVID-19 Lockdown there has been little to no activities on construction site and very few job opportunities were created.
Economically transformed human settlements sector	Provision of targeted person days of work	Number of targeted person's days of work	-	-	394,910	460,000	9,134	(450,866)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Due to the COVID-19 Lockdown there has been little to no activities on construction site and very few job opportunities were created.



**Programme 3: Housing Development (Quarter 1 Achievement against 2020/21 Original APP Target)**

Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Economically transformed human settlements sector	Accredited training provided to EPWP beneficiaries	Number of EPWP beneficiaries provided with accredited training	-	-	355	120	-	(120)	Target was exceeded and reported after Quarter 1	Unrevised
Economically transformed human settlements sector	Social Housing Institutions accredited	Number of Social Housing Institutions accredited	-	-	-	3	1	(2)	Target was exceeded and reported after Quarter 1	Unrevised



Programme 3: Housing Development (Quarter 1 Achievement against 2020/21 Original APP Target)										
Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Security of Tenure	Properties transferred	Number of post-1994 title deeds registered for the subsidy market (April 1994 – March 2014)	7,630	2,359	2,514	34,454	111	(34,343)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Most of the Title Deeds Restoration Programme activities were stalled due to COVID-19 requirements and lockdown. Physical engagements such as door-to-door (Beneficiary Verification) were not allowed and the instructions relating to conveyancing had to be drastically affected. COVID-19 Lockdown also created instabilities where various offices like Deeds Offices;



Programme 3: Housing Development (Quarter 1 Achievement against 2020/21 Original APP Target)										
Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Output / Output indicators / Annual Targets
Improved Security of Tenure	Properties transferred	Number of post-2014 title deeds registered for the sub-sidy market (April 2014 to March 2019)	-	1,722	1,524	2,993	9	(2,984)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	municipalities were opening and closing affecting the deliverables. The budget for 2020-21 was cut due to re-prioritisation emanating from the pandemic resulting in the adjustment of targets.  COVID-19 Lockdown resulted in the poor performance on transfers largely due to the closure of the Deeds Office during the period. Also the unavailability of staff to effect transfers even after the easing of the COVID-19 Lockdown restrictions further delayed

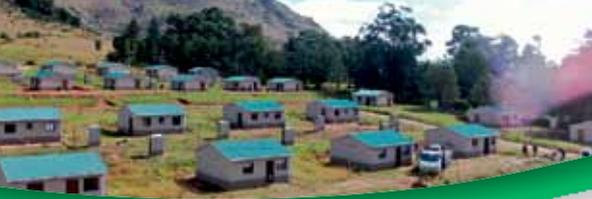


**Programme 3: Housing Development (Quarter 1 Achievement against 2020/21 Original APP Target)**

Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Security of Tenure	Properties transferred	Number of new title deeds registered for the subsidy market (from April 2019)	-	-	-	5,138	-	(5,138)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	the issuing of the title deeds. Budget was also reduced due to COVID-19. COVID-19 Lockdown resulted in the poor performance on transfers largely due to the closure of the Deeds Office during the period. Also the unavailability of staff to effect transfers even after the easing of the COVID-19 Lockdown restrictions further delayed the issuing of the title deeds. Budget was also reduced due to COVID-19.



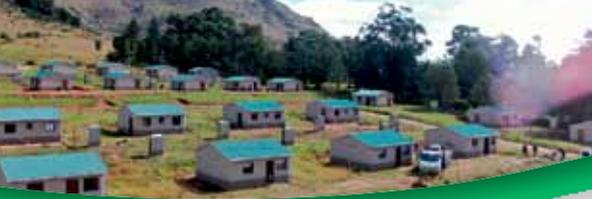
Programme 3: Housing Development (Quarter 2 – Quarter 4 Achievement against 2020/21 Re-tabled APP Target)									
Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	
Adequate housing and improved quality living environment	Social Housing Units Completed	Number of Social housing units completed	208	-	200	-	(200)	<p>1. The social housing projects were affected by the Covid-19 delays and the delays in the approval process at the SHRA. Also, delay in sourcing debt funding by the SHI's, Deeds Office closure during lockdown period meant the property transfer was also delayed.</p> <p>2. Hospital Street Social Housing Project was also affected by the social facilitation challenges as this was the first social housing project in the area. Extensive engagements with the municipality, political leadership and community delayed the implementation of the project.</p> <p>3. Bridge City Towers Social Housing Project by eThekweni Metro was affected by the delays in the approval of building plans that made it impossible for the project move to construction phase.</p> <p>4. Two projects were planned to commence but only one project managed to graduate to the construction phase in the current financial year.</p>	



Programme 3: Housing Development (Quarter 2 – Quarter 4 Achievement against 2020/21 Re-tabled APP Target)								
Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations
Adequate housing and improved quality living environment	Community Residential Units Completed	Number of Community residential units completed	48	-	400	404	4	Target has been slightly exceeded. Although the target was exceeded, CRU Projects were affected by the following challenges: 1. Covid-19 Lockdown 2. Shortage of building material 3. Social issues 4. Hard Rock 5. Municipal services in the way of construction 6. NHBC enrolments delays
Adequate housing and improved quality living environment	FLISP subsidies disbursed	Number of Beneficiaries subsidized in terms of the FLISP Programme	245	401	252	303	51	KZN FLISP has made strategic arrangements of remote and on-line work with beneficiaries and stakeholders. The delivery at the end of the financial year reflects improved performance.
Adequate housing and improved quality living environment	Improved access for housing access to households earning up to R3,500	Number of Housing Units Completed through housing programmes (excluding social/rental/CRU and FLISP) for households earning up to R3,500	-	-	10,036	8,800	(1,236)	Targets were not achieved due to the following reasons: 1. Lockdown restriction affected the construction in the first two quarters of the financial year 2. The inclement weather also affected construction on site. 3. Interference by the business forums affected delivery in some projects in the uMgungundlovu District.



Programme 3: Housing Development (Quarter 2 – Quarter 4 Achievement against 2020/21 Re-tabled APP Target)									
Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	
Adequate housing and improved quality living environment	Improved access for housing access to households earning up to R3,500	Number of Sites Serviced through housing programmes to households earning up to R3,500	5,574	5,952	3,952	4,491	539	Target has been exceeded. Future target setting to be reviewed.	
Adequate housing and improved quality living environment	Informal settlements upgraded to Phase 3	Number of informal settlements upgraded to Phase 3	-	-	2	-	(2)	Delay in achieving targets due to delays in finalising upgrading due to Covid-19.	
Adequate housing and improved quality living environment	Densely populated settlements sanitized in terms of the COVID-19 Sanitization and Disinfection Programme	Number of densely populated settlements sanitized	-	-	105	108	3	Target has been exceeded. Future target setting to be reviewed.	
Economically transformed human settlements sector	Companies of designated group trained	Number of designated group companies trained	-	-	50	-	(50)	The 50 companies could not be trained as a result of delay in the finalisation of appointment of training service providers due to National Lockdown restrictions.	

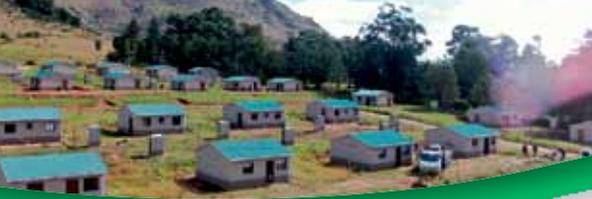


**Programme 3: Housing Development (Quarter 2 – Quarter 4 Achievement against 2020/21 Re-tabled APP Target)**

Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations
Economically transformed human settlements sector	Work opportunities created	Number of work opportunities created through related programmes	7,492	4,386	4,000	4,846	846	The target has been exceeded due to an increase in productivity on construction sites, under alert level 1 and 2. This has resulted in the reporting of projects which were not reporting labour statistics in Quarter 1 and Quarter 2.
Economically transformed human settlements sector	Full Time Equivalents created	Number of Full Time Equivalent (FTE's) created	-	1,717	730	895	165	The target has been exceeded due to an increase in productivity on construction sites, under alert level 1 and 2. This has resulted in the reporting of projects which were not reporting labour statistics in Quarter 1 and Quarter 2.
Economically transformed human settlements sector	Provision of targeted person days of work	Number of targeted person's days of work	-	394,910	180,150	206,026	25,876	The target has been exceeded due to an increase in productivity on construction sites, under alert level 1 and 2. This has resulted in the reporting of projects which were not reporting labour statistics in Quarter 1 and Quarter 2.
Economically transformed human settlements sector	Accredited training provided to EPWP beneficiaries	Number of EPWP beneficiaries provided with accredited training	-	355	120	140	20	Target has been exceeded.



Programme 3: Housing Development (Quarter 2 – Quarter 4 Achievement against 2020/21 Re-tabled APP Target)									
Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	
Economically transformed human settlements sector	Social Housing Institutions accredited	Number of Social Housing Institutions accredited	-	-	3	5	2	<p>It must be noted that the total of five social institutions were accredited in the current financial year and the delivery reported is cumulative since this is an annual indicator. The target was exceeded due to the improved compliance by the SHI's following the training that was conducted by the Department together with SHRA. SHI's accredited are:</p> <ol style="list-style-type: none"> <li>1. Emron Housing Company</li> <li>2. Lufefe Investment Holdings</li> <li>3. Zimisele Afrika Property Group</li> <li>4. Fezeka Social Housing Institute</li> <li>5. Lakeshore Social Housing and SMIME Development</li> </ol>	



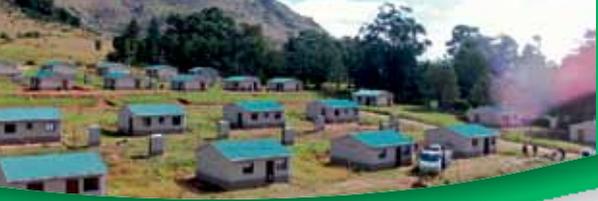
**Programme 3: Housing Development (Quarter 2 – Quarter 4 Achievement against 2020/21 Re-tabled APP Target)**

Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations
Improved Security of Tenure	Properties transferred	Number of post-1994 title deeds registered for the subsidy market (April 1994-March 2014)	2,359	2,514	6,710	870	(5,840)	Due to the Covid-19 Lockdown Regulations some of the Title Deeds Restoration Programme (TRP) activities as well as milestones were drastically affected. For an example, due to the restricted movement during Covid-19 Lockdown, beneficiary verification only started towards the end of November 2020. As a result, instructions could not be given to conveyancers to undertake transfers.
Improved Security of Tenure	Properties transferred	Number of post-2014 title deeds registered for the subsidy market (April 2014 to March 2019)	1,722	1,524	2,557	981	(1,576)	Delays in finalising township establishment and delays at the Deeds office due to Covid-19 lockdowns affected performance in this indicator.
Improved Security of Tenure	Properties transferred	Number of new title deeds registered for the subsidy market (from April 2019)	-	-	2,944	448	(2,496)	Delays in finalising township establishment and delays at the Deeds office due to Covid-19 lockdowns affected performance in this indicator.



**Progress on Institutional Response to the COVID-19 Pandemic**

Budget Programme	Business Unit	Intervention	Geographic Location	No. Of Beneficiaries	2020/21 Budget Allocation	2020/21 Budget Spent	Contribution To App	Immediate Outcomes
PROGRAMME 3	Project Management Unit	Sanitization of densely populated settlements.	11 KZN Districts	Estimated Beneficiaries Per District: Amajuba- 2,128 Ethekwini- 12,311 Harry Gwala- 6,585 Ilembe- 13,480 King Cetshwayo- 2,524 Ugu- 36,356 Umgungundlovu- 10,551 Umkhanyakude- 550 Umzinyathi- 1,899 Uthukela- 902 Zululand- 2,042 TOTAL- 89,328	R60 000 000,00	R16 791 000,00	It's located within the ISUP programme under the interventions to improve the livelihood of beneficiaries.	Reducing the spread of the virus in dense settlements.



### **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.

### **Social Housing**

The commencement of the Bridge City Social Housing Project was affected by delays which resulted in none achievement of targeted units for the 2020/2021 financial year. The main delays were in relation to the finalisation of Consolidated Capital Grant funding agreement, property transfer of the development site to the developers, and approval of building plans. The funding agreement has since been resolved and property transfer and approval of building plans is currently underway the all outstanding matters preventing the commencement of construction on the ground will shortly be resolved. Units expected in the next financial year. The Department has also approved a five (5) year plan for the roll out of social and rental housing in KwaZulu-Natal with a social housing pipeline of 16399 units planned. In the last financial year the Department working with the SHRA also finalised feasibility studies for 23 potential social housing projects on municipal owned land within approved provincial restructuring zones. For these 23 sites municipalities have embarked on a process to allocate the sites to accredited SHI's through their own SCM processes.

### **Community Residential Units (CRU)**

The CRU projects in the province were affected by a number of challenges that lead to targets not being achieved as anticipated, below is a description of the challenges per project:

- N11 CRU: The project was delayed by 7 months due to approval process because of Covid-19 lockdown including socio political interference.
- Ubuhlebethu CRU: Project experience delays in the finalisation of assessment reports and could not start in time.
- Kokstad CRU: This project was affected by delays in the approval processes and because of the municipal water line that was cutting across all platforms on the critical path.
- Jika Joe CRU: Currently the construction is on track with the superstructures completed in the 4th quarter. Due to the site being affected by COVID shutdown, the units could not be completed in terms of finishes. There are also difficulties in achieving the bulk electrical connection, and efforts are ongoing to resolving it. Project was also affected by social issues, which lead to a 2-week delay on site. Currently there are 308 units at finishing stages.

Below are remedial actions taken per project to resolve the challenges with more delivery expected in the 2020/2021 financial year:

**N11 CRU:** The project has since been approved and the contractor is on site. A meeting with the community and the structures has been convened to further articulate the CRU policy and its objectives including disseminating information pertaining to the project. The community has since been on board and in support of the project.

**Ubuhlebethu CRU:** The project has since been approved and the Contractor is on site.

**Kokstad CRU:** The project has since been approved and the Contractor is on site. The Municipal water line has since been diverted.



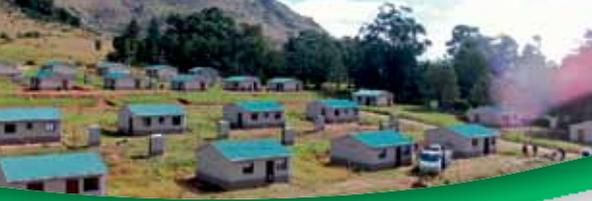
**Jika Joe CRU:** The Department is engaging with the municipality to resolve the challenge with electrification of units. A submission for funding is expected from the municipality that will address the challenge. Project is monitored closely. All social issues in the project currently being resolved. Progress to date there are 308 units at finishing stage.

The five (5) year plan for the roll out of social and rental housing in KwaZulu-Natal will also see the construction of 6458 community residential units going forward including the upgrading and redevelopment of old hostels as articulated in the 20-year Strategic plan for the upgrade of KwaZulu- Natal Hostels into CRU units (2019-2039) which was approved during the 2020/2021 financial year.

## Linking performance with budgets

### Sub-programme expenditure

Sub- Programme Name	2020/2021			2019/2020		
	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	100,779	90,946	9,833	90,698	90,698	-
Financial Interventions	527,157	521,157	-	515,284	515,234	50
Incremental Interventions	1,310,558	1,310,558	-	1,630,788	1,544,693	86,095
Social and Rental Interventions	125,696	125,696	-	119,759	119,759	-
Rural Interventions	1,073,740	1,073,740	-	1,492,169	1,495,600	(3,431)
<b>Total</b>	<b>3,131,930</b>	<b>3,122,097</b>	<b>9,833</b>	<b>3,848,698</b>	<b>3,765,984</b>	<b>82,714</b>



#### **4.4 Programme 4: Housing Asset Management, Property Management**

This Programme co-ordinates the maintenance of the Departmental rental housing stock, 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.

The sub-programmes under this programme are as follows:

- Administration;
- Sale and transfer of housing properties; and
- Housing properties maintenance.

##### **Outcomes, outputs, output indicators, targets and actual achievements**

Programme 4 strives to achieve 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:

- In eThekweni there are R293 Townships that are affected by unresolved land legal and beneficiary related issues 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.



**Programme 4: Housing Asset Management, Property Management (Quarter 1 Achievement against 2020/21 Original APP Target)**

Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Security of Tenure	Properties transferred	Number of Pre-1994 title deeds issued	779	875	626	14,666	14	(14,652)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Backlog at Deeds Office to process registrations and update their records resulting from: 1. Closure of Deeds Office due to COVID-19 Lockdown 2. Skeleton staff at Deeds Office, State Attorney, Conveyancer offices and at eThekweni Metro after the easing of COVID-19 restrictions.
Improved Security of Tenure	Sale agreement finalized with beneficiary	Number of rental units sold to beneficiaries	232	239	442	300	3	(297)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	1. During COVID-19 Lockdown, all work was restricted to the administrative processing of documents collected. 2. Closure of Deeds office due to COVID-19 Lockdown resulted in the delay in registering of the 3 sectionalised schemes in Austerville.
Adequate housing and improved quality living environment	Units maintained	Number of units maintained	968	1,030	1,129	500	6	(494)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Unrevised



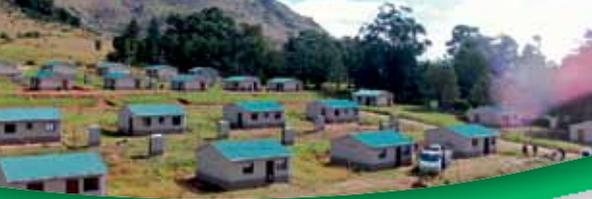
**Programme 4: Housing Asset Management, Property Management (Quarter 1 Achievement against 2020/21 Original APP Target)**

Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Adequate housing and improved quality living environment	Units rectified	Number of units rectified for Pre-1994 stock	669	480	682	520	104	(416)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Halt in construction activity due to COVID-19 Lockdown during the months of April and May affected the rectification of housing units. Budget was also reduced due to Covid-19.
Adequate housing and improved quality living environment	Land Parcels devolved to Municipalities for human settlements development	Number of Land Parcels devolved to Municipalities in terms of Section 15 of the Housing Act, 1997	-	18	44	100	-	(100)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	1. The State Attorney's office indicated capacity challenges due to COVID-19 Lockdown. 2. Matters lodged at the Deeds office have been backlogged due to the COVID-19 Lockdown period.
Improved Good Governance	Reduction of debtors in system	Number of debtors reduced per financial year	222	405	232	400	58	(342)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Due to the COVID-19 Lockdown access to assist beneficiaries to complete documents and collect them was restricted.



**Programme 4: Housing Asset Management, Property Management (Quarter 2 – Quarter 4 Achievement against 2020/21 Re-tabled APP Target)**

Outcome	Output	Output Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations
Improved Security of Tenure	Properties transferred	Number of Pre-1994 title deeds issued	779	875	626	2,002	490	(1,512)	Due to the Covid-19 Lockdown Regulations some of the Title Deeds Restoration Programme (TRP) activities as well as milestones were drastically affected. For an example, beneficiary verification only started towards the end of November 2020. As a result, instructions could not be given to conveyancers to undertake transfers. The target for Pre-94 municipal stock was 3661 and for Pre-94 departmental stock was 250 - of which 266 transfers were achieved.
Improved Security of Tenure	Sale agreement finalized with beneficiary	Number of rental units sold to beneficiaries	232	239	442	200	164	(36)	The resistance by the community of Austerville to accept ownership through sectional title schemes resulted in the quarterly target not being met. This was further exacerbated by the COVID pandemic which limited officials from being able to freely visit tenants physically to convince them to accept ownership and sign sale agreements.
Adequate housing and improved quality living environment	Units maintained	Number of units maintained	968	1,030	1,129	500	438	(62)	The target was not achieved due to the Covid pandemic and the national lockdown during which time the in-house teams were not available and which prevented service providers from being able to freely move around to attend to maintenance works.

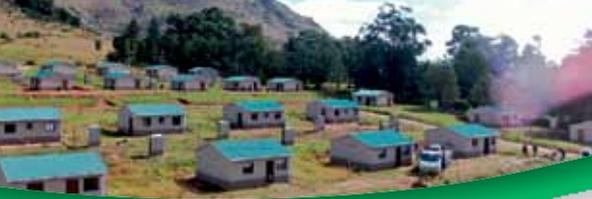


Programme 4: Housing Asset Management, Property Management (Quarter 2 – Quarter 4 Achievement against 2020/21 Re-tabled APP Target)									
Outcome	Output	Output Indicator	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	
Adequate housing and improved quality living environment	Units rectified	Number of units rectified for Pre-1994 stock	480	682	350	112	(238)	The target was not achieved largely due to the Covid-19 pandemic and the national lockdown which caused contractors to be off site for extended periods of time - thus losing valuable man-hours.	
Adequate housing and improved quality living environment	Land Parcels devolved to Municipalities for human settlements development	Number of Land Parcels devolved to Municipalities in terms of Section 15 of the Housing Act, 1997	18	44	60	12	(48)	The target was not achieved largely due to the Covid-19 pandemic and the national lockdown which resulted in the multiple closure of offices at the Department, at Conveyancers and at the Deeds Office.	
Improved Good Governance	Reduction of debtors in system	Number of debtors reduced per financial year	405	232	250	487	237	The target was exceeded due to the devolution of Erf 3356 PMB to the Msunduzi Municipality, resulting in the reduction of 335 debtor accounts.	



**Progress on Institutional Response to the COVID-19 Pandemic**

Budget Programme	Business Unit	Intervention	Geographic Location	No. Of Beneficiaries	2020/21 Budget Allocation	2020/21 Budget Spent	Contribution To App	Immediate Outcomes
PROGRAMME 4	Social Housing Unit	Sanitization of densely populated settlements.	7 KZN Districts	Estimated Beneficiaries Per Settlement: Dalton Hostel- 2,455 Klaarwater CRU- 15,610 Thokoza CRU-1,444 Esikhaleni Hostel- 890 East Street Hostel- 942 Inkanyezi Hostel (Colenso)- 960 Khwezi Hostel- 1,095 Steadville Hostel- 1,430 Nkongolwane Hostel- 1,340 Bhekuzulu Hostel- 500 Enhlalakahle Hostel- 672 Shakaville Hostel- 2,190 TOTAL- 29,528	R60 000 000,00	R16 791 000,00	It's located within the ISUP programme under the interventions to improve the livelihood of beneficiaries.	Reducing the spread of the virus in dense settlements.



## Strategy to overcome areas of under performance

### Property Management

The Lodging Agents of the State Attorney's Office are being utilised to fast track the registration of unregistered sectional title schemes and the transfer of sold units to qualifying beneficiaries.

Underlying land issues including the non-issuing of required certification by municipalities and beneficiary issues caused under-delivery in the issuing of title deeds. The land issues are being resolved where affected land will be transferred to the relevant authority for further individual transfers to take place. A database of social facilitators; stage 1 professionals has been appointed to address critical areas which inhibit the attainment of the desired outcome.

### Linking performance with budgets

#### Sub-programme expenditure

Sub- Programme Name	2020/2021			2019/2020		
	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	45,373	42,193	3,180	44,606	42,534	2,072
Sale and Transfer of Housing Properties	58,675	58,675	-	66,758	64,188	2,570
Housing Properties Maintenance	72,057	72,057	-	139,104	139,987	(883)
<b>Total</b>	<b>176,105</b>	<b>172,925</b>	<b>3,180</b>	<b>250,468</b>	<b>246,709</b>	<b>3,759</b>



## 5. TRANSFER PAYMENTS

### 5.1 Transfer payments to public entities

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
-	-	-	-	-

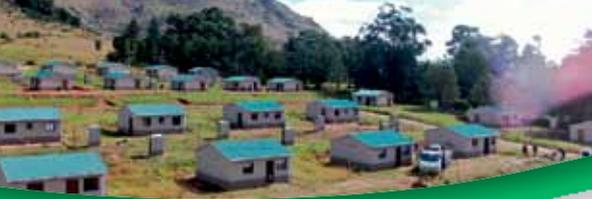
### 5.2 Transfer payments to public corporations and private enterprises

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

### 5.3 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2020 to 31 March 2021:

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Department of Transport	Provincial Department	Motor licences	Y	123	123	-
eThekweni	Municipality	Operational Costs for Accredited Municipality	Y	19,900	19,900	-
Ray Nkonyeni	Municipality	Operational Costs for Accredited Municipality	Y	785	785	-
Msunduzi	Municipality	Operational Costs for Accredited Municipality	Y	2,594	2,594	-
Alfred Duma	Municipality	Operational Costs for Accredited Municipality	Y	786	786	-
Newcastle	Municipality	Operational Costs for Accredited Municipality	Y	4,094	4,094	-
Umhlatuze	Municipality	Operational Costs for Accredited Municipality	Y	2,334	2,334	-
KwaDukuza	Municipality	Operational Costs for Accredited Municipality	Y	1,051	1,051	-
Umdoni	Municipality	Title Deeds Restoration Programme	Y	500	500	-
Umngeni	Municipality	Title Deeds Restoration Programme	Y	242	242	-
Msunduzi	Municipality	Title Deeds Restoration Programme	Y	3,714	3,714	-
Okhahlamba	Municipality	Title Deeds Restoration Programme	Y	100	100	-
Inkosi Langalibalele	Municipality	Title Deeds Restoration Programme	Y	350	350	-
Alfred Duma	Municipality	Title Deeds Restoration Programme	Y	4,278	4,278	-



Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Nquthu	Municipality	Title Deeds Restoration Programme	Y	750	750	-
Newcastle	Municipality	Title Deeds Restoration Programme	Y	1,200	1,200	-
Emadlangeni	Municipality	Title Deeds Restoration Programme	Y	149	149	-
uphongolo	Municipality	Title Deeds Restoration Programme	Y	493	493	-
Abaqulusi	Municipality	Title Deeds Restoration Programme	Y	170	170	-
Ulundi	Municipality	Title Deeds Restoration Programme	Y	100	100	-
Mfolozi	Municipality	Title Deeds Restoration Programme	Y	200	200	-
Mthonjaneni	Municipality	Title Deeds Restoration Programme	Y	100	100	-
Mandeni	Municipality	Title Deeds Restoration Programme	Y	3,158	3,158	-
KwaDukuza	Municipality	Title Deeds Restoration Programme	Y	2,721	2,721	-
Greater Kokstad	Municipality	Title Deeds Restoration Programme	Y	1,079	1,079	-
Ubuhlebezwe	Municipality	Title Deeds Restoration Programme	Y	100	100	-
Umzimkhulu	Municipality	Title Deeds Restoration Programme	Y	500	500	-
Dr Nkosazana Dlamini Zuma	Municipality	Title Deeds Restoration Programme	Y	200	200	-
eThekwini	Municipality	Afford Sta Rent Hs PSH	Y	51,500	51,500	-
Kwadukuza	Municipality	Opscap	Y	1,170	1,170	-
Transfer to Households	Various	HSDG and Social benefits	Y	2,766,734	2,766,734	-

The table below reflects the transfer payments which were budgeted for during the period 1 April 2020 to 31 March 2021, but no transfer payments were made:

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



## 6. CONDITIONAL GRANTS

### 6.1 Conditional grants and earmarked funds received

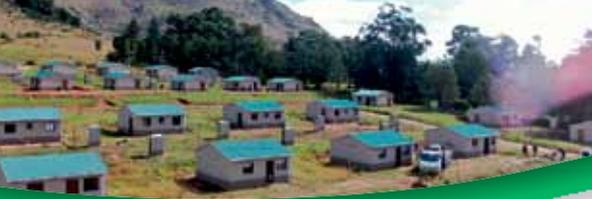
The tables below detail the conditional grants and ear marked funds received during for the period 1 April 2020 to 31 March 2021:

#### Conditional Grant 1: Human Settlement Development Grant

Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide for the creation of sustainable human settlements
Expected outputs of the grant	Sustainable Human Settlements
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R3,020,763
Amount received (R'000)	R3,020,763
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	R3,020,763
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 / expenditure review meetings and daily spending patterns monitored National: Quarterly performance review meetings Portfolio Committees: Quarterly performance review meetings Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis

#### Conditional Grant 2: EPWP Integrated Grant

Department who transferred the grant	Provincial Treasury
Purpose of the grant	To alleviate poverty, reduce unemployment and provide livelihoods for the most disadvantaged sector of society
Expected outputs of the grant	See performance report
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R11,638
Amount received (R'000)	R11,638
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	R11,638
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 / expenditure review meetings and daily spending patterns monitored National: Quarterly performance review meetings Portfolio Committees: Quarterly performance review meetings Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis



### Conditional Grant 3: Title Deeds Restoration Grant

<b>Department who transferred the grant</b>	National Department of Human Settlements
<b>Purpose of the grant</b>	To provide funding for the eradication of the pre-2014 title deeds registration backlog and the professional fees associated with it, including beneficiary verification.
<b>Expected outputs of the grant</b>	See performance report
<b>Actual outputs achieved</b>	See performance report
<b>Amount per amended DORA (R'000)</b>	R36,740
<b>Amount received (R'000)</b>	R36,740
<b>Reasons if amount as per DORA was not received</b>	N/A
<b>Amount spent by the Department (R'000)</b>	R36,740
<b>Reasons for the funds unspent by the entity</b>	N/A
<b>Reasons for deviations on performance</b>	N/A
<b>Measures taken to improve performance</b>	N/A
<b>Monitoring mechanism by the receiving department</b>	Department: Monthly performance / expenditure review meetings and daily spending patterns monitored National: Quarterly performance review meetings Portfolio Committees: Quarterly performance review meetings Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis

### Conditional Grant 4: Provincial Emergency Housing Grant

<b>Department who transferred the grant</b>	National Department of Human Settlements
<b>Purpose of the grant</b>	To provide funding for the provision of temporary shelter assistance to households affected by disasters
<b>Expected outputs of the grant</b>	See performance report
<b>Actual outputs achieved</b>	See performance report
<b>Amount per amended DORA (R'000)</b>	R86,095
<b>Amount received (R'000)</b>	R86,095
<b>Reasons if amount as per DORA was not received</b>	N/A
<b>Amount spent by the Department (R'000)</b>	R86,095
<b>Reasons for the funds unspent by the entity</b>	N/A
<b>Reasons for deviations on performance</b>	N/A
<b>Measures taken to improve performance</b>	N/A
<b>Monitoring mechanism by the receiving department</b>	Department: Monthly performance / expenditure review meetings and daily spending patterns monitored National: Quarterly performance review meetings Portfolio Committees: Quarterly performance review meetings Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis



## 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	2020/2021			2019/2020		
	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
<b>New and replacement assets</b>	<b>2,000</b>	-	<b>2,000</b>	<b>12,376</b>	<b>12,376</b>	-
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	-	-	-	-	-	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-
<b>Infrastructure transfer</b>	<b>45,829</b>	<b>42,420</b>	<b>3,409</b>	<b>58,210</b>	<b>85,762</b>	<b>(27,552)</b>
Current	-	-	-	-	-	-
Capital	45,829	42,420	3,409	58,210	85,762	(27,552)
<b>Infrastructure: Leases</b>	<b>27,895</b>	<b>26,888</b>	<b>1,007</b>	<b>25,994</b>	<b>25,756</b>	<b>238</b>
<b>Total</b>	<b>75,724</b>	<b>130,682</b>	<b>30,616</b>	<b>96,580</b>	<b>124,132</b>	<b>(27,314)</b>





**KWAZULU-NATAL PROVINCE**

**HUMAN SETTLEMENTS**  
REPUBLIC OF SOUTH AFRICA

# **PART C**

# **GOVERNANCE**





## 1. INTRODUCTION

The Department remains committed to the key priority area relating to building a capable, ethical and developmental state. In order to achieve this the Department has an outcome of Improved Good Governance which places emphasis on the promotion of good governance, accountability and best practices within the service delivery environment.

The Department is the implementation of the approved internal audit plan which ensures that measures, processes, systems and controls by the department are effectively managed to support the achievement of a clean audit outcome.

The Department places equal importance on the monitoring of the implementation of the internal audit plan to address the adequacy and effectiveness of the departmental controls, risk management and governance process.

In order to promote good governance and accountability, the Department continues to address issues relating to fraud prevention and risk management, stringent financial control measures, and consequence management.

Emphasis on managing risk related to ethics, inclusive of fraud risks has become a fundamental driver of service delivery to attain and promote professional ethos, inclusive of strengthening capacity to meet to obligations of the district development model.

In managing the COVID-19 pandemic, the Department has developed a comprehensive COVID-19 risk register, inclusive of compliance requirements as regulated by National Government via legislative, policies, regulations and directives. The risk register remains a living document and is monitored daily on changed circumstances and reporting is done on a monthly basis to the relevant bodies.

The embodiment of the comprehensive risk register places critical follow through on life and limb, through the Occupational Health and Safety Act and Business Continuity Strategy, which is managed by the Departmental Crisis Committee.

The Department continues to manage Good Governance via approved structures:

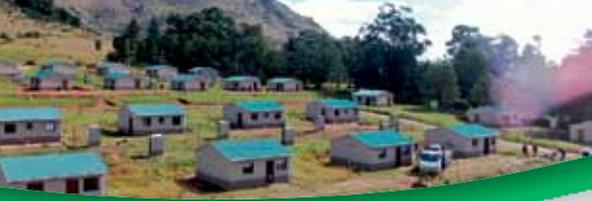
- An Executive Committee (Exco) as Executive Structure which determines the strategic and leadership goals of the Department;
- A Service Delivery Committee (Manco) which supports the core service delivery of the Department;
- A Departmental Ethics Committee (DEMC), which manages, monitors and regulates corporate governance in the Department;
- A Departmental Risk Management Committee (DRMC); which supports the Head of Department meet the requirements of the PFMA;
- A Shared Cluster Audit and Risk Committee (CARC) providing independent oversight over governance, risk management and control processes of the Department;
- A shared Internal Audit function providing independent assurance that controls are in place to manage and mitigate risks, and that they are adequate and functioning effectively; and
- A number of committees that assist the Accounting Officer and Top Management Team in governing the business of the Department in a fair, responsible and transparent manner.



## 2. RISK MANAGEMENT

### Risk Management Policy

- The purpose of the Departmental Risk Management Policy is to provide guidance regarding the management of risks to support the achievements of corporate objectives, to protect staff and business assets and to ensure financial sustainability within the Department of Human Settlements.
- The Departmental Risk Management Policy applies to all business units within the Department of Human Settlements KZN. The Risk Management Policy forms part of the Department's Governance Framework and it applies to all employees and key stakeholders.
- The Departmental Risk Management Policy was reviewed in consultation with key stakeholders, inclusive with reference with the draft Provincial Risk Management Framework.
- In keeping with the revised Risk Management Policy the Department has a fully functional Departmental Risk Management Committee (DRMC) which is chaired by the Head of Department. Members of this Departmental Risk Management Committee signs declaration in respect of conflict of interest form in each meeting. The Departmental Chief Risk Officer (Director: Risk Management & Advisory Services) continues to reporting directly to the Head of Department.
- The Risk Management Committee has evolved due to changes of personnel within the Department and has introduced new membership onto the Committee. Although the committee has been successfully in completed 100% Online Risk Management E-Learning in the previous financial year, one official is reported as 50% completion on this online course in the current financial year, thus 96.8% completion rate is reported. The Departmental Risk Register is continuously reviewed and reported on a quarterly basis to the Cluster Audit and Risk Committee (CARC).
- Provincial Treasury under their Shared Services of Internal Audit and Risk Management has continued to reported positively on the Risk Maturity of the Department, which is recorded at 83% as at the end of the Financial Year.
- The Department is working in partnership with Provincial Internal Audit Services (PIAS) and has conducted five Specialised Risk Assessments during the Financial Year. The results of these risk assessments has been included in the Risk Profile of the Department. The Departmental Risk Management Committee evaluates the effectiveness of internal control systems and processes to ensure that the identified risks are reduced to minimal and/or are eradicated; and all action plans completed has been moved into current controls.
- The Departmental Risk Management Committee, has taken major decisions related to the control environment in managing and monitoring the Departments performance which has improved the existing controls and the effectiveness of the Organizations efficiency related to all operational programmes.
- The Departmental Risk Management Committee has approved an Enterprise Risk Management Implementation Plan which manages all activities on Risk Management. In joint partnership with Provincial Internal Audit Services (PIAS), the Departmental Risk Management Committee has approved an Annual Operational Audit and Risk Management Support Plan, which has ensured programme internal audits are conducted to detect inefficiencies in the systems and internal controls and to complement risks assessments within the Department.
- The results of the audit activities are managed and monitored by the Departmental Risk Management Committee via an Audit Log which is reported to Cluster Audit and Risk Committee on a quarterly basis.



### 3. FRAUD AND CORRUPTION

#### Fraud Policies & Prevention and Detection Plans

- A Fraud Prevention Plan, including a sound and working Whistle Blowing Policy, drives the promotion of good governance, in support of the code of conduct. The management and monitoring of financial disclosures, including gifts and donation is crucial in achieving sound governance practices.
- The Department has Fraud Prevention and Ethics Management Strategies that are workshopped to all officials within it, throughout the year.
- During the Covid-19 pandemic these workshops were held virtually via Microsoft Teams.
- In the workshops issues of responsibility, accountability and integrity are emphasized and encouraged to officials of all levels, as is contained in the strategies and supporting policies such as the fraud policy and response plan, conflict of interest policy, code of conduct, whistleblower policy etc.
- The gifts policy and its stance on the acceptance of gifts and its links to fraud, corruption and organizational damage is especially emphasized
- This has raised the level of awareness and alertness among staff and provided a platform to report any suspected wrongdoing within protection of their identities. Investigations relating to observations by officials from SCM division noticing a presence of an internal official document in bid documents submitted by an aspiring service provider, thus the suspicion of corruption and insider trading.
- The result has also been an increase in the number of suspected fraud and corruption allegations reported to the Head of Department and/or the risk management unit.
- All reports received have been anonymous and either via the established fraud hotline or just “mailed” to the Director: Risk Management’s office.
- The department has conducted and concluded on thirteen (13) related to fraud and corruption and service delivery.
- There are nine (09) cases that are currently with the South African Police Services under investigation. These cases range from allegations of fraud and corruption, inclusive of a case on Cyber-Fraud.
- The Department has also given attention to not only compliance with Chapter Two (2) of the Public Service Regulations, 2016 but has conducted investigations of alleged or suspected non-compliance with regulations relating to requirements in order to conduct Remunerative Work Outside the Public Service (RWOPS), business entities owned/directed by officials doing business with the state and the integrity of Annually submitted Financial Disclosures by officials.
- In the year 2020/2021 there were seven (7) integrity investigations relating individuals doing business with the state, which are Public Service Regulation related.



## 4. MINIMISING CONFLICT OF INTEREST

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

The Recruitment Policy is also having the conflict of interest provisions, whereby the Selection Panels and the prospective employees are required to disclose conflict of interests. The policy allows the panel member to recuse himself/herself anytime during the selection process if he feels that there is potential conflict of interest.

The Department maintains the Conflict of Interest Policy in line with Public Service Regulations, 2016, which continues to be enforced. The Department received 100% compliance on E-disclosure for SMS during the reporting year. The prescripts related to E-disclosure related to other category of personnel as prescribed by the regulation continues to be enforced.

## 5. CODE OF CONDUCT

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

The Department continues Fraud Awareness training to its employees in 2020/2021 and the Code of Conduct is enforced via training related to Ethics awareness session, jointly with fraud prevention training.

An Ethics Survey was conducted during the previous Financial Year and the results has informed the Department of gaps related to Ethics, Fraud and code of conduct. An online survey has been finalised and this will be run during the 2021/2022 financial year.

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

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



## 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

On the 15th March 2020 the President of the Republic of South Africa declared a National State of Disaster in terms of the Disaster Management Act 2002 due to the Covid-19 pandemic. The Minister of Employment and Labour issued a Directive in terms of Regulation 10(8), this Directive set out the measures that employers are required to take to prevent the transmission of Covid-19 in workplaces.

The Accounting Officer responded swiftly and appointed the Crises Management Committee [CMT], assigning the Committee responsibilities of ensuring that the provisions of the Occupational Health and Safety Act 85 of 1993 are complied with. The CMT is headed by the Compliance Officer in terms of the provisions of the Disaster Management Act, 2002 and will be operational for the duration of the state of disaster.

In compliance to DPSA Circular 18 of 2020, the Departmental Occupational Health and Safety Policy was reviewed and approved by the Accounting Officer on the 15th May 2020. The revisions in the Policy sought to address the following:

- Incorporating changes brought about as result of Covid-19 [it incorporates protective measures to be undertaken by both the employer and employees during the pandemic].
- Of importance is provision of Personal Protective Equipment [PPE] which led to the development of PPE Policy.
- Awareness and educational material.
- Hygiene and cleanliness
- Screening, social distancing and sanitization.
- Once employees return to work the Policy will be workshopped and further inputs incorporated.
- Developed access control guidelines.

**The Safety Representatives Occupational assisted the CMT in ensuring that the following health protocols are in place for the workplace:**

### ***Access to the building***

- All employees are required to sign access control register at the entrance of all buildings.
- Head count to ensure that the capacity of the building is not exceeded.

### ***Screening of employees***

- All employees are screened upon entry of the building by the security personnel.
- A thermometer scanner is used to check temperature of everyone entering the building.
- A person with a temperature that is higher than 38 is not be allowed access into the building.

### ***Social distancing***

- Mass gatherings are not permitted in all floors.
- Only three people are allowed per lift.
- One person at a time in the kitchen and in the photocopying machine.
- All boardrooms have been organized to accommodate social distancing. They all have posters indicating where one can seat.

### ***Sanitization***

- All employees are sanitizing at all entrances of the building, sanitizing stands are stationed at all entrances and buildings with multiple floors are provided with sanitizing stands on each floor entrance.
- Decontamination was done in all offices prior to the return of staff on 1 June 2020; decontamination is done



every time the department has a reported case of COVID – 19. The department has contracted service providers who provide the decontaminating services.

- Individual sanitizers are distributed to all employees and they are available at General Admin & Auxiliary Services on the 16th floor Eagle Building.

#### **Facemasks**

- Three – ply fabric masks are provided by the Department to all employees
- To minimize the spread of the virus, all employees and visitors are urged to wear masks at all times when entering the buildings.
- All employees must wear masks at all times in the building unless a person is alone in the office.
- Visors were distributed to all frontline staff from Monday 1 June 2020 [this was limited to Security Personnel, cleaning staff, receptionists, Subsidy Administration frontline staff, rental tribunal, cashiers, Personal Assistants and not other groups].

#### **Compliance routine inspections**

- Security personnel are conducting routine checks in all offices in the building every two hours.
- Employees are urged to ensure that they provide all the necessary information to the security personnel.

#### **Cleaning and disinfecting**

- The Cleaning Services is cleaning all areas of the building every two hours with clean water and disinfectants.
- Boardrooms are cleaned and disinfected before and after the meetings, all boardroom key are now controlled at General Admin & Auxiliary Services to ensure compliance in keeping boardrooms hygienic.

#### **Marking of the floor**

- The floors have been clearly marked for social distancing.
- Posters with information relating to COVID – 19 are posted in all buildings
- Crowd control guards have been installed at Eagle Building due to the large number of officials in the building.

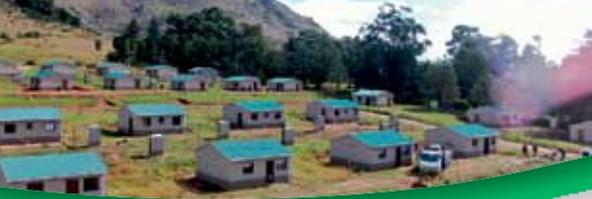
## **7. PORTFOLIO COMMITTEES**

### **7.1 Human Settlements Portfolio Committee**

- Various meetings were held during the 2020/21 financial year to discuss various financial and non-financial information and performance.
- There were no resolutions tabled during the 2020/21 financial year.

### **7.2 Finance Portfolio Committee**

- A meeting was held during the 2020/21 financial year.
- There were no resolutions tabled during the 2020/21 financial year.

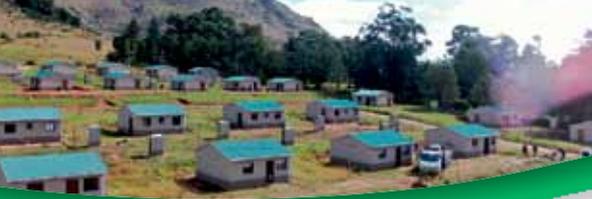


## 8. SCOPA RESOLUTIONS

Resolution No.	Subject / Details	Response by the Department
Resolution 34/2020	<p>Irregular expenditure under investigation: R5.41 billion (relating to Resolution 31/2019 &amp; Transversal Resolution 50/2019)</p> <p>That the Accounting Officer provide a report to the Committee by 30 April 2020 and quarterly thereafter on:</p> <p>a) progress made in retrieving outstanding SCM documentation from municipalities, the proposed course of action where limited or no documentation is retrievable and the time frames for the proposed conclusion of the investigations;</p> <p>b) feedback from National Treasury and Provincial Treasury on the requests for condonation already submitted and progress made on the balance of the requests for condonation; and</p> <p>c) the disclosure of the remaining projects as irregular; and</p> <p>d) progress made on the resolution of long term projects where SCM processes were concluded by municipalities so as to curb the irregular expenditure going forward.</p>	<p>Due to the fact that after numerous requests being made, no documentation was forthcoming, we advised the municipalities to submit to the Department a council resolution (for each project) stating that the municipality has no documentation in relation to the said project. The said resolution will be used to assist in the condonation process. To date we received very few, in the region of 5 council resolutions. (No official within the municipality structures want to commit themselves regarding the said SCM documentation or lack thereof, owing to the fact that the current officials were not in the employ of the municipality at the time of making the award.) (Extract from previous response - The Department has been in constant communication (in the form of letters, workshops and meetings) with the municipalities (Mayors, Municipal Managers and SCM officials) requesting all bid documentation for all projects from the 2015/2016 audit.)</p> <p>We did not receive any response from National Treasury in respect of the sample of 10 projects that were submitted to National Treasury in May 2019. To date the Department has not received feedback on the sample submitted despite several written requests. The Department is continuing to prepare the balance of the projects for condonation.</p> <p>Subsequently, the irregular expenditure framework has been amended and it allows Provincial Treasury to consider condonation requests.</p> <p>A meeting was held with Provincial Treasury on 27 November 2019 regarding the amendment in the irregular expenditure framework, they mentioned that they are awaiting feedback from National Treasury on the methodology on how to proceed in the condonation process. They have however submitted the same 10 pilot cases at National to their internal task team to consider. To date the Department has not received feedback. The Department is continuing to prepare the balance of the projects for condonation.</p> <p>The Executive Authority will take a decision on the balance of the cases where limited or no documents are available. A submission has been prepared, outlining the holistic view of transferring expenditure under investigation to irregular expenditure. The CARC has also recommended that all these cases be declared irregular in the 2020 financial year as the exercise in retrieving documents has proved futile.</p> <p>The Executive Authority has raised concerns on the process being followed where the Department places reliance on Municipalities SCM processes. The Department has used its own SCM processes to appoint a database of built environment practitioners and where possible, utilises these service providers. It has taken over developer status on certain projects and is currently in discussions with municipalities on the way forward on long-term contracts.</p> <p>A submission was done by the department under the guidance of the Executive Authority to take over the developer status of all municipalities, except for level 2 accredited municipalities. We are awaiting feedback from National Department of Human Settlements and Cabinet.</p> <p>In the interim, Provincial Treasury has written to National Treasury (April 2020), to obtain an opinion on whether or not that payments made under the economic classification "transfers and subsidies" should indeed have been classified as irregular expenditure as they are transfers and not payments for goods and services. This is a highly technical matter and discussions have also taken place between Provincial Treasury and the AG.</p>



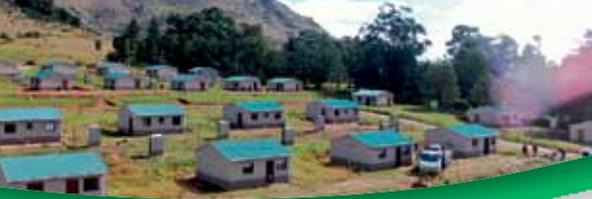
Resolution No.	Subject / Details	Response by the Department
Resolution 35/2020	<p>KZN Housing Fund- material impairment of receivables from exchange transactions (R77.88 million) (relating to Resolution 32/2019)</p> <p>That the Accounting Office provide a report by 30 April 2020 on the progress made in the reduction of outstanding debts and the sale and transfer of properties to the occupants thereof.</p>	<p>Most debtors are either low income earners or pensioners or indigent, and a minority of debtors earn above the threshold (owing to the effluxion of time). Application of the EEDBS policy (National policy) will result in most of the above debtors qualifying for a 100% write-off. Whereas the debtors above the threshold will qualify for EEDBS discounts as per their salary threshold.</p> <p>As a result of the above the Fund makes a provision of 95% of its debtor balances, which it deems to be irrecoverable.(owing to the fact that the EEDBS policy allows for 100% write-offs)</p> <p>This policy is in force to promote home ownership and fast tracking the title deeds restoration programme.</p> <p>The KZN Housing Fund is aggressively promoting home ownership ensuring that the occupants have tenure.</p> <p>The reason for the increase in the discounts offered by the state is that the state intends to dissolve the Housing Funds sooner rather than later and re-direct the funds.</p> <p>In the interim the KZN Housing Fund is also rehabilitating some of the units prior to transfer being effected.</p> <p>The KZN Housing Fund also embarked on an education drive on the advantages of home ownership and the mechanics and workings of body corporates.</p>
Resolution 36/2020	<p>Irregular expenditure (other than those relating to the municipal housing projects) (relating to Transversal Resolution 50/2019)</p> <p>That the Accounting Officer report to the Committee by 30 April 2020 on progress made in the finalisation of the investigations, submission of the irregular expenditure to Treasury for condonation and taking steps to implement consequence management in relation to officials responsible for the irregular expenditure.</p>	<p>The Department has completed all investigations related to irregular expenditure. Herewith is a register of all the condonation submissions (Table A) to Provincial Treasury that was sent on the 10th February 2020. We are awaiting progress on these submissions.</p>



Resolution No.	Subject / Details	Response by the Department
Resolution 37/2020	<p>Fruitless and wasteful expenditure of R502 000 (relating to Transversal Resolution 52/2019)</p> <p>That the Accounting Officer provide a progress report to the Committee by 30 April 2020 on the recovery of losses, finalisation of the matter under investigation, as well as the outcome and recommendations thereof and steps taken to implement the recommendations. The report must also deal with the resolution of fruitless and wasteful expenditure incurred in prior years.</p>	<p>The Department has concluded on the second investigation and based on the findings no official was identified that had transgressed in this case, since the Departmental officials acted on a court order to pay the invoice, together with interest.</p> <p>The Loss Control Unit within Financial Management have consulted with Labour Relations Unit within Human Resources Management with the recovery of monies against the two officials charged, and challenges of double jeopardy based on the sanctions are currently being explored in these cases.</p> <p>The Department has prepared submissions for write-off of the various cases of Fruitless and Wasteful Expenditure which was duly approved by the Head of Department as per the framework.</p>
Resolution 38/2020	<p>Procurement and Contract Management (relating to Transversal Resolution 53/2019)</p> <p>That the Accounting Officer provide a copy of the audit improvement plan to the Committee by 30 April 2020 and report on progress made in the implementation of the plan.</p>	<p>The Audit Improvement Plan is attached for your perusal. Progress in terms of the audit findings has been updated in February 2020.</p> <p>The Department limits deviations and when such is necessary (only the HOD is designated to approve), a standard template is prepared to ensure that all facts are provided to confirm whether such is a valid deviation (must go via SCM). All senior managers met to discuss the requirements for deviations and consequences for non-compliance.</p> <p>A standard operating procedure is being developed in respect of deviations and emergency process flows.</p> <p>With regards to local content stipulation, the Department has received training and utilises the correct SBD forms.</p> <p>The Department has implemented a check list of procedures for all orders.</p>



Resolution No.	Subject / Details	Response by the Department
Resolution 39/2020	<p>Internal Investigations (relating to Transversal Resolution 55/2019)</p> <p>That the Accounting Officer report to the committee by 30 April 2020 on:</p> <p>a) actioning the outstanding recommendations contained in the investigative reports, including the cancellation of the fraudulent transfer of a flat, taking disciplinary steps against all officials implicated in the reports, including those who are now employed by other Departments and civil recovery proceedings for fraudulent S &amp; T claims; and</p> <p>b) progress made in the finalisation of the outstanding investigations, the outcomes and recommendations and steps taken to implement the recommendations.</p>	<p>Corruption in irregular transfer of flat number 102 Albizia, Galway Crescent</p> <p>The official resigned from the Public Service, however a criminal docket was registered with the SAPS under CAS No. 1158/07/2018, which includes a second flat allocated to a family member. These matters have been referred to the Office of the State Attorney to proceed with evictions.</p> <p>Investigations into allegations of fraudulent claim subsistence &amp; travel claims</p> <p>Official was dismissed from the Public Service, and a criminal docket was registered with the SAPS under CAS 106/02/2020.</p> <p>Investigation into the fraudulent qualification by personal assistant</p> <p>The official resigned from the public service prior to completion of investigation.</p> <p>Investigation into irregular appointment of staff in the general administration and auxiliary services</p> <p>The Department dismissed two official from Service through the disciplinary process.</p> <p>Investigation into irregular use of department cellphone by officials</p> <p>The Department issued the following sanctions through disciplinary processes to the official's implication in this investigation, which included the following sanctions, Case 1, the official received two month's suspension from work without pay and in Case 2, the official received a final written warning.</p> <p>Investigation into fraud and corruption in subsistence and travel claims</p> <p>Three of the four official implicated in this investigation, resigned from the Public Service, which include the official that was transferred to another department.</p> <p>The disciplinary case against the fourth official has been adjourned sine die.</p> <p>The Department registered four criminal dockets with the SAPS under CAS No's 885,886,887,888/04/2019.</p> <p>Investigation into corruption: official doing business with the state</p> <p>The official was dismissed from the public arising from the disciplinary process which has been varied. Disciplinary action was taken against 3 officials within Supply Chain Management, whom were issued with sanctions of final written warning.</p>
Resolution 39/2020	<p>Risk Management (relating to Transversal Resolution 56/2019)</p> <p>That the Accounting Officer submit the latest risk register to the Committee by 30 April 2020 as well as a report on finalisation of the revised risk management structure.</p>	<p>The Departmental Risk Register, together with risk summary, summary analysis report and revised risk structure are attached for your perusal.</p> <p>These documents were submitted and tabled before Cluster Audit and Risk Committee (CARC) during the Quarter 3 meeting.</p>



Resolution No.	Subject / Details	Response by the Department
Resolution 40/2020	<p>Consequence Management (relating to Transversal Resolution 57/2019)</p> <p>That the Accounting Officer provide a detailed report by 30 April 2020 on the outcome and recommendations of all completed investigations and steps taken to implement the recommendations per investigation, as well as a progress report on the investigations still underway.</p>	<p>The Department has concluded on all outstanding investigations and no transgression were reported for further action.</p>
Resolution 41/2020	<p>Predetermined objectives (relating to Transversal Resolution 58/2019)</p> <p>That the Accounting Officer provide a progress report to the committee by 30 April 2020 on the procurement of the system and implementation thereof.</p>	<p>The departmental stakeholders were appointed by the IT and M&amp;E Unit to form part of the Business Process-Flow Analysis. The analysis was conducted by the SITA Business Analysts. The As-Is Process Flow was developed from the JAD sessions conducted. The first draft of the As-Is Process Flow was reviewed and updated accordingly. The final version of the Process-Flow has been approved and signed-off by both SITA and DOHS. SITA is currently working on the recommendations to be presented to the Department based on the gaps identified on the Process-Flow. Upon finalization of the Business Process-Flow, the Department will then be in a position to procure and implement the Performance Management System.</p> <p>The Department initiated a first phase project for its Monitoring and Evaluation requirement in February 2020. The objective of this initial project is to clearly define the Department's requirements for a Monitoring and Evaluation system. This will be the foundation of the specifications to develop an appropriate solution, which is anticipated as a phase 2 project.</p> <p>It should also be noted that the Department has provided input into the Provincial Digital Transformation Strategy and proposed that the development of a provincial Monitoring and Evaluation system is included in the Strategy. The development of the Provincial Digital Transformation Strategy is co-ordinated by the KwaZulu-Natal Office of the Premier.</p>
Resolution 42/2020	<p>Filling of critical posts (relating to Transversal Resolution 59/2019)</p> <p>That the Accounting Officer report by 30 April 2020 on progress made in the filling of all vacant critical posts and time frames thereof.</p>	<p>The status of vacant posts is reflected under Table B.</p>
Resolutions 43/2020	<p>Forensic Investigations (relating to Transversal Resolution 54/2019)</p> <p>That the Accounting Officer report to the Committee by 30 April 2020 on the findings and recommendations of the investigations and steps taken to implement the recommendations.</p>	<p>The Department concluded on all investigations reported by the Auditor-General. Based on the finding arising from this investigations one official was dismissed from the public arising from the disciplinary process which has been varied. Disciplinary action was taken against 3 officials within Supply Chain Management, whom were issued with sanctions of final written warning.</p>



**TABLE A**

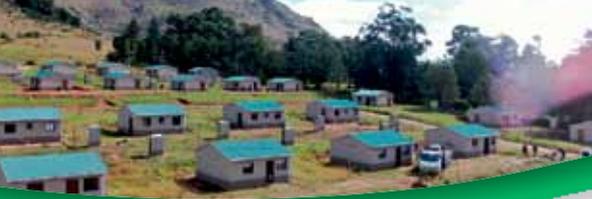
DETAILS	AMOUNT (R)	INVESTIGATION COMPLETE
Deviation from calling of bids for the procurement of services from MFP Business consulting.	39 205 659	Yes, August 2010
Deviation from calling of bids for the procurement of services from Mpathi Investments (Pty) Ltd.	18 988 482	Yes, August 2010
Deviation from calling of bids for the procurement of services from Masiqhame Trading 379 cc.	37 982 490	Yes, August 2010
Deviation from calling of bids for the procurement of services from MAGEBA PROJECTS (Tagging of informal settlements - within floodlines).	13 042 986	Yes, August 2010
Deviation from calling of bids for the procurement of services from AMAWELE JOINT VENTURES (Wire wall - Msunduzi).	115 314 800	Yes, August 2010
Deviation from calling of bids for the procurement of services from Sandisi Business Consultants.	2 948 124	Yes, August 2010
Deviation from calling of bids for the procurement of services from AMAWELE JOINT VENTURES (Town View Mooi River).	167 456 842	Yes, August 2010
Office furniture - local content	2 801 650	Yes, December 2019 and January 2020
Deviations	29 715 790	Yes, December 2019 and January 2020

**TABLE B**

POST	CHIEF DIRECTORATE / DIRECTORATE	STATUS/PROGRESS
Chief Operating Officer	Sustainable Human Settlements	Funded, the GM: Human Settlements was acting in this post – he vacated his acting capacity on 31 March 2020
Chief Director	Sustainable Human Settlements	Vacated 31 March 2020, to be sent to the OTP. A district director is currently acting in this post to ensure service sustainability.
Chief Director	Human Capital Management	Vacated 28 February 2020, to be sent to the OTP for approval
Chief Director	Planning and Development	To be re-advertised. There is currently an existing official is acting in this post.
Director	Property Management	Awaiting approval by the OTP. There is the existing official is acting in this post.
Director	Property TRP	Awaiting finalization of the Competency Assessment. There is the DD currently acting in this post.
Director	Rental Housing and Tribunal	Filled: 01 February 2020
Director	Planning	Filled: 01 March 2020
Director	Special Programmes	Filled: 01 March 2020
Director	Human Resource Management	Filled: 01 April 2020
Director	Executive Support	Filled: 1 February 2020

## 9. PRIOR MODIFICATIONS TO AUDIT REPORT

Addressed in SCOPA Resolutions.



## 10. INTERNAL CONTROL UNIT

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

During the 2020/2021 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	Performance Information-Q1,2&3	4th Quarter	Finalized
2	Q3 Follow up on resolved findings	3rd Quarter	Finalized
3	Follow up on the Auditor General's Report	4th Quarter	Finalized
4	Supply Chain Management	4th Quarter	Finalized
5	Covid-19 Procurement audit	2nd Quarter	Finalized
6	Transfer Payments	4th Quarter	Carry over to 2021/2022
7	Follow up Resolved Audit Findings	4th Quarter	Finalized
8	Review of Audit Improvement Strategy	4th Quarter	Finalized
9	Review of Interim Financial Statements	4th Quarter	Finalized

The Internal Control Sub-Directorate has performed the following audits and follow-ups during the 2020/2021 financial year.

No.	Audit Project Name	Status
1	Follow-up Audit on Bursary Scheme	Finalized
2	Fruitless and Wasteful Expenditure Investigation: Financial Year 2014/2015	Finalized
3	Fruitless and Wasteful Expenditure: Financial Year 2010/2011 (A)	Finalized
4	Fruitless and Wasteful Expenditure : Financial Year 2010/2011 (B)	Finalized
5	Irregular Expenditure Investigation: Extension of contracts (Financial Year 2019/2020)	Finalized
6	Non-Compliance with Treasury Regulations 8.2.3: April - August 2020	Finalized
7	Non-Compliance with Treasury Regulations 8.2.3: September 2020	Finalized
8	Irregular Expenditure Investigation: Financial Year 2019/2020 (A)	Finalized
9	Irregular Expenditure Investigation: Financial Year 2019/2020 (B)	Finalized
10	Irregular Expenditure Investigation: Local Content – Financial Year 2019/2020	Finalized
11	Follow up on Internal Audit Log Q1	Finalized
12	Follow up on Internal Audit Log Q2	Finalized
13	Follow up on Internal Audit Log Q3	Finalized
14	Follow up on Internal Audit Log Q4	Finalized
15	Non-Compliance with Treasury Regulations 8.2.3: December 2020	In-Progress
16	Non-Compliance with Treasury Regulations 8.2.3: January 2021	In-Progress
17	Headcount Audit : Financial Year 2020/2021	In-Progress (Final Draft Report)
18	Irregular Expenditure Investigation: Acting Allowance (Financial Year 2019/2020)	In-Progress (Final Draft Report)
19	Irregular Expenditure Investigation: Financial Year 2019/2020 (C)	In-Progress

The Department has addressed the findings in terms of the above finalized reports and further implemented recommendations to ensure that management controls and systems are in place. The Internal Audit Log drives findings related audit assignments for monitoring of agreed action plans and reports to the Cluster Audit and Risk Committee on a Quarterly basis.



## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Department uses the shared services of Provincial Treasury's "Provincial Internal Audit Service" (PIAS), to support and undertake the Internal Audit Function, which is regulated sections 38 (1)(a)(i) and 76 (4)(e) of the PFMA, and mandated in terms of paragraph 3.2.3 of the Treasury Regulations.

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

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

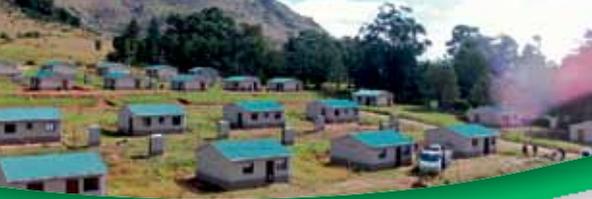
Although investigating fraud and other irregularities are not the primary focus of internal audit's approach, a close liaison with management of Human Settlements is maintained should such issues be identified. These cases are then referred accordingly for forensic auditing to the Office of the Premier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

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

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 2021.

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 Protection, Community and Human Development (SPCHD) 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 Protection, Community and Human Development 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	SPCHD CARC Meetings Attended
1.	Mr P Christianson	8 of 8	4 of 4
2	Ms T Njozela (Acting Chairperson of SPCHD Cluster)	8 of 8	4 of 4
3.	Mr D O'Connor	8 of 8	4 of 4
4.	Mr S Simelane (Acting Chairperson of PARC and Economic CARC)	7 of 8	N/A*
5.	Mr V Ramphal	7 of 8	N/A*
6.	Mr M Tarr	7 of 8	N/A*

\* refers to PARC members who did not serve on the SPCHD 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 commended the Department for the results of the audit as there are only minor weaknesses identified in the control environment.

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

### 3. Effectiveness of Internal Audit

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

The PIAS planned to perform ten (10) audit assignments for the period under review, of which nine (9) were finalised by 31 March 2021. The only audit not finalised was the Transfer Payment Performance audit due to budget constraints caused by the COVID 19 pandemic as the project was planned to be outsourced. This project was approved by PARC



members to be carried over to the 2021/22 financial year since it was resolved that it will now be performed by internal resources instead of being outsourced.

The PIAS performed effectively during the period under review; notwithstanding concerns raised by the Committee in respect of the financial and human resource limitations imposed upon the unit. The Committee will monitor the progress made by the PIAS against its operational plans in order to ensure that it continues to fulfil its mandate and add value to the department.

#### **4. Risk Management**

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

As at the end of the 2020/21 financial year, the Department's risk register status was as follows:

Focus areas	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
No of identified risks	1	17	22	28	13	81
No of agreed action plans	2	47	43	50	2	144
No of implemented action plans	0	33	41	50	2	126
% completion of action plans	0%	70%	95%	100%	100%	88%
% outstanding action plans	100%	30%	5%	0%	0%	12%

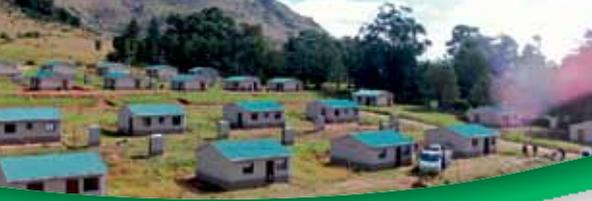
The Committee 1) notes progress made by the Department on the implementation of its risk mitigation plans with an 88% completion rate; and 2) commends the Department for having a functional risk management committee which meets and is attended by its members on a regular basis.

The Department is, however, urged to: 1) capacitate its risk management function, which is currently resourced by two officials; 2) encourage one risk management committee member to complete the prescribed National Treasury's e-learning risk management course; 3) implement the outstanding risk mitigation plans, particularly for risks classified as critical and major; and 4) update its risk register with strategic risks which should be identified and assessed as part of the Department's 2020/25 strategic plan and 2020/21 annual performance plan.

With regard to risk-related improvement plans, the Department is commended on having completed 100% of both its fraud prevention plan and occupational health and safety improvement action plans. With the current focus being on compliance with the OHS Act due to the COVID-19 pandemic, the Department is strongly advised to extend its OHS and COVID-19 control measures to all its offices and construction sites. The Department is also urged to improve its compliance management maturity, which is currently at 33%, to ensure compliance with applicable legislation and policies such as the Protection of Personal Information Act.

#### **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, the Department and the Auditor General, the Committee commended the Department for the improvements in the controls around Performance Information as there were no material misstatements identified during the audit of Performance Information and further commended the improvement on the reported performance information for Programme 3.

## **6. Forensic Investigations**

During the period under review, the Committee noted that there were five (5) forensic investigations reported, from 1 April 2020 to 31 March 2021, relating to alleged bribery and corruption, supply chain management and procurement irregularities and mismanagement of funds, which the Department had referred to the Office of the Premier (OTP) for investigation.

- Of the five (5) investigations, one (1) matter was completed; i.e. Phase 1 was completed, and the other four (4) matters are in-progress.
- The one (1) matter that was completed had disciplinary recommendations which were actioned and finalised by the Department.
- The Committee further noted that the one (1) completed matter also had criminal recommendations, and a criminal case has been registered with the South African Police and the investigation is still in-progress.

The Department and OTP are urged to promptly finalise the outstanding investigations and work together to implement the recommendations made in the finalised investigations.

## **7. Evaluation of Financial Statements**

The Committee has:

- Reviewed and discussed the Annual Financial Statements with the Accounting Officer, Auditor General and PIAS;
- Reviewed the Auditor General's Audit Report;
- Reviewed the Department's processes for compliance with legal and regulatory provisions;
- 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



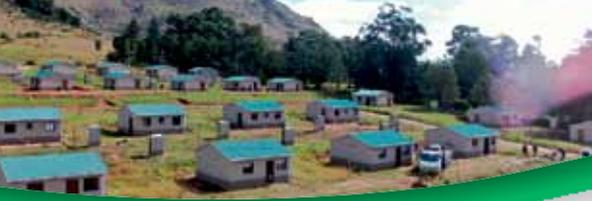
together with the report of the Auditor General. The Committee commends the Department on obtaining an unqualified audit opinion.

## **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**  
**13 August 2021**



### 13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry.

<b>Has the Department applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:</b>		
<b>Criteria</b>	<b>Response Yes / No</b>	<b>Discussion (include a discussion on your response and indicate what measures have been taken to comply)</b>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable to Human Settlements
Developing and implementing a preferential procurement policy?	Yes	The Preference Procurement Policy in place and is being implemented by Supply Chain Business Unit
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable
Developing criteria for entering into partnerships with the private sector?	No	Process still to be facilitated by IGR of the Department
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Not applicable



**KWAZULU-NATAL PROVINCE**

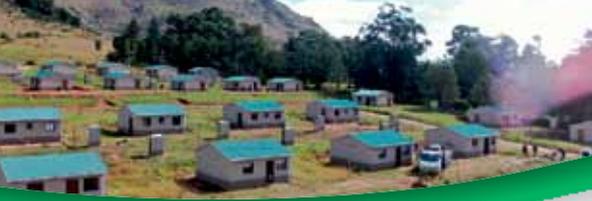
**HUMAN SETTLEMENTS**  
REPUBLIC OF SOUTH AFRICA

# **PART D**

# **HUMAN RESOURCE**

# **MANAGEMENT**





## **1. INTRODUCTION**

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 56% women in management which is 6% above the set target of 50%. As far as the employment of people with disabilities is concerned, the Department currently employs 1,75% while the national target is sitting at 2%. Using the results of the Organisational Readiness Assessment which seeks to gauge the impact of HR unit in the Department's achievement of strategic objectives and also using the MPAT results, the HR plan is being reviewed in order to ensure the HR functions are up to date and properly aligned.



### 3. HUMAN RESOURCES OVERSIGHT STATISTICS

#### 3.1 Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

**Table 3.1.1 Personnel expenditure by programme for the period 1 April 2020 and 31 March 2021**

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	238 977	143 505	-	-	60.05	434
Housing Needs, Research & Planning	17 143	15 610	-	-	91.06	650
Housing Development	3 131 930	177 440	-	-	5.67	320
Housing Asset Management, Property Management	176 105	39 445	-	-	22.40	390
<b>Total</b>	<b>3 564 155</b>	<b>376 000</b>	<b>-</b>	<b>-</b>	<b>10.55</b>	<b>372</b>

**Table 3.1.2 Personnel costs by salary band for the period 1 April 2020 and 31 March 2021**

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)	676	0.20	4	169 000
Skilled (level 3-5)	28 860	7.50	115	250 957
Highly skilled production (levels 6-8)	104 947	27.20	226	464 367
Highly skilled supervision (levels 9-12)	109 659	28.40	143	766 846
Senior and Top management (levels 13-16)	24 978	6.50	21	1 189 429
11 Contract (Levels 3-5)	4 381	1.10	33	132 758
12 Contract (Levels 6-8)	16 973	4.40	49	346 388
13 Contract (Levels 9-12)	63 347	16.40	93	681 151
14 Contract (Levels >= 13)	14 673	3.80	12	1 222 750
18 Contract Other	1 351	0.40	31	43 581
<b>Total</b>	<b>369 844</b>	<b>95.80</b>	<b>727</b>	<b>340 123</b>



**Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2020 and 31 March 2021**

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	118 845	81,40	460	0,30	4 445	3	6 864	4,70
Housing Needs, Research & Planning	32 371	79,60	-	-	1 554	3,80	2 296	5,60
Housing Development	161 155	88	22	-	2 617	1,40	4 545	2,50
Housing Asset Management, Property Management	13 142	81,80	6	-	402	2,50	596	3,70
<b>Total</b>	<b>325 513</b>	<b>84,30</b>	<b>487</b>	<b>0,10</b>	<b>9 018</b>	<b>2,30</b>	<b>14 301</b>	<b>3,70</b>

**Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2020 and 31 March 2021**

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
Lower skilled (Levels 1-2)	441	65,20	2	0,30	123	18,20	-	-
Skilled (Levels 3-5)	21 524	74,50	16	0,10	1 849	6,40	2 187	7,60
Highly skilled production (Levels 6-8)	81 846	77,90	373	0,40	3 880	3,70	7 189	6,80
Highly skilled supervision (Levels 9-12)	90 759	81	64	0,10	2 321	2,10	4 356	3,90
Senior management (Levels >= 13)	21 929	84,80	-	-	441	1,70	354	1,40
Contract (Levels 3-5)	4 371	99,80	-	-	-	-	-	-
Contract (Levels 6-8)	16 897	99,50	28	0,20	-	-	-	-
Contract (Levels 9-12)	62 733	96	-	-	229	0,40	99	0,20
Contract (Levels >= 13)	13 567	89,10	-	-	175	1,10	115	0,80
Contract Other	1 298	96	4	0,30	-	-	-	-
Periodical	10 149	100	-	-	-	-	-	-
<b>Total</b>	<b>325 513</b>	<b>84,30</b>	<b>487</b>	<b>0,10</b>	<b>9 018</b>	<b>2,30</b>	<b>14 301</b>	<b>3,70</b>



### 3.2 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

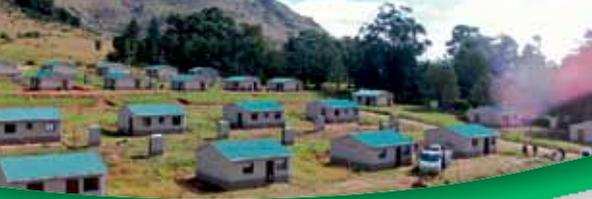
Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

**Table 3.2.1 Employment and vacancies by programme as at 31 March 2021**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administration	320	306	4.40	42
Housing Needs, Research & Planning	24	24	-	1
Housing Development	304.80	295.80	3	145
Housing Asset Management, Property Management	107.20	101.20	5.60	22
<b>Total</b>	<b>756</b>	<b>727</b>	<b>3.80</b>	<b>210</b>

**Table 3.2.2 Employment and vacancies by salary band as at 31 March 2021**

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Lower Skilled (Levels 1-2), Permanent	4	4	-	-
Skilled (Levels 3-5), Permanent	120	115	4.20	-
Highly Skilled Production (Levels 6-8), Permanent	238	226	5	-
Highly Skilled Supervision (Levels 9-12), Permanent	151	143	5.30	-
Senior Management (Levels >= 13), Permanent	25	21	16	-
Other, Permanent	31	31	-	31
Contract (Levels 3-5), Permanent	33	33	-	70
Contract (Levels 6-8), Permanent	49	49	-	35
Contract (Levels 9-12), Permanent	93	93	-	66
Contract (Levels >= 13), Permanent	12	12	-	8
<b>TOTAL</b>	<b>756</b>	<b>727</b>	<b>3.80</b>	<b>210</b>



**Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2021**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administrative Related, Permanent	220	212	3.60	121
Agriculture Related, Permanent	1	1	-	-
All Artisans In The Building Metal Machinery Etc., Permanent	21	20	4.80	-
Architects Town And Traffic Planners, Permanent	17	16	5.90	15
Artisan Project And Related Superintendents, Permanent	-	-	-	-
Auxiliary And Related Workers, Permanent	2	2	-	-
Bus And Heavy Vehicle Drivers, Permanent	1	1	-	-
Cartographic Surveying And Related Technicians, Permanent	3	3	-	2
Civil Engineering Technicians, Permanent	1	1	-	1
Cleaners In Offices Workshops Hospitals Etc., Permanent	23	22	4.30	-
Client Inform Clerks (Switchboard Recept Inform Clerks), Permanent	5	5	-	-
Communication And Information Related, Permanent	4	4	-	-
Community Development Workers, Permanent	9	9	-	7
Computer System Designers And Analysts	1	1	-	-
Engineering Sciences Related, Permanent	3	3	-	2
Engineers And Related Professionals, Permanent	22	20	9.10	12
Finance And Economics Related, Permanent	6	6	-	-
Financial And Related Professionals, Permanent	2	2	-	-
Financial Clerks And Credit Controllers, Permanent	58	57	1.70	5
General Legal Administration & Rel. Professionals, Permanent	2	2	-	-
Legal Related, Permanent	9	8	11.10	4
Head Of Department/Chief Executive Officer, Permanent	2	2	-	-
Human Resources & Organisat Developm & Relate Prof, Permanent	15	14	6,70	-
Human Resources Clerks, Permanent	17	17	-	-
Human Resources Related, Permanent	22	21	4,50	1
Information Technology Related, Permanent	4	4	-	1
Inspectors Of Apprentices Works And Vehicles, Permanent	51	51	-	22
Library Mail And Related Clerks, Permanent	13	13	-	-
Light Vehicle Drivers, Permanent	9	8	11.10	1
Logistical Support Personnel, Permanent	2	2	-	-
Material-Recording And Transport Clerks	8	7	12.50	-
Messengers Porters And Deliverers, Permanent	3	3	-	-
Other Administrat & Related Clerks And Organisers, Permanent	47	46	2.10	3
Other Administrative Policy And Related Officers	73	71	2.70	1
Other Information Technology Personnel	2	2	-	-
Quantity Surveyors & Rela Prof Not Class Elsewhere, Permanent	3	3	-	2
Risk Management And Security Services, Permanent	3	3	-	-
Saps, Permanent	3	3	-	-



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Secretaries & Other Keyboard Operating Clerks	29	27	6.90	3
Senior Managers, Permanent	25	22	12	7
Trade Labourers, Permanent	15	13	13.30	-
<b>Total</b>	<b>756</b>	<b>727</b>	<b>3.80</b>	<b>210</b>

### 3.3 Filling of SMS Posts

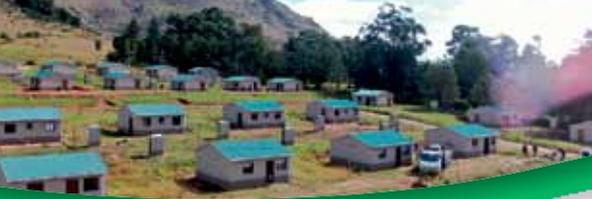
The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

**Table 3.3.1 SMS post information as at 31 March 2020**

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%	-	0%
Salary Level 16	-	-	-	-	-
Salary Level 15	3	1	33.3%	2	66.7%
Salary Level 14	6	4	66.7%	2	33.3%
Salary Level 13	30	23	76.7%	7	23.3%
<b>Total</b>	<b>40</b>	<b>29</b>	<b>72.5%</b>	<b>11</b>	<b>27.5%</b>

**Table 3.3.2 SMS post information as at 31 March 2021**

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			
Salary Level 16	-	-	-	-	-
Salary Level 15	3	2			
Salary Level 14	6	3			
Salary Level 13	30	27			
<b>Total</b>	<b>40</b>				



**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2020 and 31 March 2021**

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	-	-	1
Salary Level 14	-	1	3
Salary Level 13	-	2	-
<b>Total</b>			

**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 2020 and 31 March 2021**

Reasons for vacancies not advertised within six months
Budget constraints.
Reasons for vacancies not filled within twelve months
Awaiting finalization of a new structure.

**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 2020 and 31 March 2021**

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.

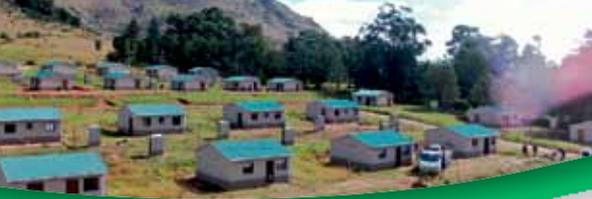


### 3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2020 and 31 March 2021**

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), Permanent	4	-	-	-	-	-	-
Skilled (Levels 3-5), Permanent	120	-	-	-	-	-	-
Highly Skilled Production (Levels 6-8), Permanent	238	-	-	-	-	-	-
Highly Skilled Supervision (Levels 9-12), Permanent	151	-	-	-	-	-	-
Senior Management (Levels >= 13), Permanent	25	-	-	-	-	-	-
Other, Permanent	31	-	-	-	-	-	-
Contract (Levels 3-5), Permanent	33	-	-	-	-	-	-
Contract (Levels 6-8), Permanent	49	-	-	-	-	-	-
Contract (Levels 9-12), Permanent	93	-	-	-	-	-	-
Contract (Levels >= 13), Permanent	12	-	-	-	-	-	-
<b>Total</b>	<b>756</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

**Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2020 and 31 March 2021**

Nothing to report on

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
Employees with a disability	-	-	-	-	-

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

**Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2020 and 31 March 2021**

Nothing to report on

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
-	-	-	-	-
Percentage of total employed	-	-	-	-

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

**Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2020 and 31 March 2021**

Nothing to report on

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

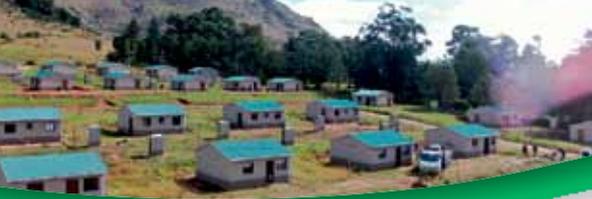


### 3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations.

**Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2020 and 31 March 2021**

Salary band	Number of employees at beginning of period 1 April 2020	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled ( Levels 1-2)	4	-	-	-
Skilled (Levels 3-5)	113	11	9	8
Highly skilled production (Levels 6-8)	236	5	12	5,10
Highly skilled supervision (Levels 9-12)	146	4	8	5,50
Senior Management Service Bands A	19	-	-	-
Senior Management Service Bands B	1	-	-	-
Senior Management Service Bands C	1	-	-	-
Other Permanent	20	30	19	95
Contract (Levels 3-5) Permanent	14	33	14	100
Contract (Levels 6-8) Permanent	47	13	6	12,80
Contract (Levels 9-12) Permanent	90	7	4	4,40
Contract Band A Permanent	7	2	2	28,60
Contract Band B Permanent	3	-	1	33,30
Contract Band C Permanent	-	1	-	-
Contract Band D permanent	1	-	-	-
<b>TOTAL</b>	<b>702</b>	<b>106</b>	<b>75</b>	<b>10,70</b>



**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2020 and 31 March 2021**

Critical occupation	Number of employees at beginning of Period - 1 April 2020	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related Permanent	185	53	34	18,40
Agriculture Related Permanent	1	-	-	-
All Artisans In The Building Metal Machinery Etc.	21	-	3	14,30
Architects Town And Traffic Planners Permanent	14	2	-	-
Artisan Project And Related Superintendents Permanent	3	-	1	33,30
Bus And Heavy Vehicle Drivers Permanent	1	-	-	-
Cartographic Surveying And Related Technician	1	1	-	-
Civil Engineering Technicians Permanent	1	-	-	-
Cleaners In Offices Workshops Hospitals Etc. Permanent	23	-	1	4,30
Client Inform Clerks (Switchboard Recept Inform Clerks)	5	-	-	-
Communication And Information Related Permanent	4	-	-	-
Community Development Workers Permanent	9	-	-	-
Computer System Designers And Analysts. Permanent	1	-	-	-
Engineering Sciences Related Permanent	4	-	1	25
Engineers And Related Professionals Permanent	17	5	1	5,90
Finance And Economics Related Permanent	6	-	-	-
Financial And Related Professionals Permanent	2	-	-	-
Financial Clerks And Credit Controllers Permanent	51	10	3	5,90
General Legal Administration & Rel. Professionals	2	-	-	-
Head Of Department/Chief Executive Officer Permanent	2	-	-	-
Human Resources & Organisat Developm & Relate Prof	14	-	-	-
Human Resources Clerks Permanent	15	6	4	26,70
Human Resources Related Permanent	21	2	2	9,50
Information Technology Related Permanent	4	-	1	25
Inspectors Of Apprentices Works And Vehicles Permanent	53	5	5	9,40
Language Practitioners Interpreters & Other Commun	1	-	1	100
Legal Related Permanent	5	4	-	-
Library Mail And Related Clerks Permanent	11	2	-	-
Light Vehicle Drivers Permanent	9	-	1	11,10
Logistical Support Personnel Permanent	2	-	-	-
Material-Recording And Transport Clerks Permanent	8	-	1	12,50
Messengers Porters And Deliverers Permanent	4	1	1	25
Other Administrat & Related Clerks And Organisers	50	10	3	6
Other Administrative Policy And Related Officers	77	1	6	7,80
Other Information Technology Personnel. Permanent	2	-	-	-
Quantity Surveyors & Rela Prof Not Class Elsewhere	3	-	-	-
Risk Management And Security Services Permanent	3	-	-	-

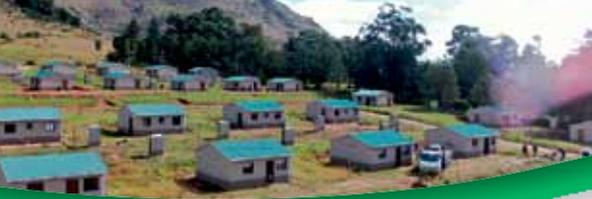


Critical occupation	Number of employees at beginning of Period - 1 April 2020	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
SAPS Permanent	3	-	-	-
Secretaries & Other Keyboard Operating Clerks Permanent	27	-	-	-
Senior Managers Permanent	21	3	3	14,30
Trade Labourers Permanent	16	1	3	18,80
<b>Total</b>	<b>702</b>	<b>106</b>	<b>75</b>	<b>10,70</b>

The table below identifies the major reasons why staff left the department.

**Table 3.5.3 Reasons why staff left the department for the period 1 April 2020 and 31 March 2021**

Termination Type	Number	% of Total Resignations
Death	5	6,70
Resignation	7	9,30
Expiry of contract	41	54,70
Dismissal – misconduct	-	-
Dismissal – operational changes	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	22	29,30
Transfer to other Public Service Departments	-	-
Other	-	-
<b>Total</b>	<b>75</b>	<b>100</b>
Total number of employees who left as a % of total employment		10.7



**Table 3.5.4 Promotions by critical occupation for the period 1 April 2020 and 31 March 2021**

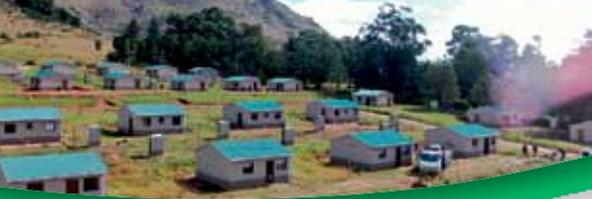
Occupation	Employees 1 April 2020	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	185	4	2,20	84	45,40
Agriculture Related	1	-	-	-	-
All Artisans In The Building Metal Machinery Etc.	21	-	-	8	38,10
Architects Town And Traffic Planners	185	4	2,20	84	45,40
Auxiliary And Related Workers	14	1	7,10	5	35,70
Bus And Heavy Vehicle Drivers	3	-	-	2	66,70
Cartographic Surveying And Related Technicians	1	-	-	1	100
Civil Engineering Technicians	1	1	100	1	100
Cleaners In Offices Workshops Hospitals Etc.	1	-	-	1	100
Client Inform Clerks(Switchboard Recept Inform Clerks)	23	-	-	1	4,30
Communication And Information Related	5	-	-	2	40
Community Development Workers	4	-	-	4	100
Computer System Designers And Analysts.	9	-	-	5	55,60
Engineering Sciences Related	1	-	-	1	100
Engineers And Related Professionals	4	-	-	1	25
Finance And Economics Related	17	-	-	8	47,10
Financial And Related Professionals	6	-	-	3	50
Financial Clerks And Credit Controllers	51	-	-	1	50
General Legal Administration & Rel. Professionals	2	-	-	34	66,70
Head Of Department/Chief Executive Officer	2	-	-	0	0
Human Resources & Organisat Developm & Relate Prof	2	-	-	0	0
Human Resources Clerks	14	-	-	12	85,70
Human Resources Related	15	-	-	11	73,30
Information Technology Related	4,	2	9,50	12	57,10
Inspectors Of Apprentices Works And Vehicles	53	-	-	2	50
Language Practitioners Interpreters & Other Commun	1	-	-	33	62,30
Legal Related	5	-	-	0	0
Library Mail And Related Clerks	11	-	-	4	80
Light Vehicle Drivers	9	-	-	6	54,50
Logistical Support Personnel	2	-	-	6	66,70
Material-Recording And Transport Clerks	8	-	-	2	100
Messengers Porters And Deliverers	4	-	-	7	87,50



Occupation	Employees 1 April 2020	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 Administrat & Related Clerks And Organisers	50	-	-	2	50
Other Administrative Policy And Related Officers	77,	1	2	33	66
Other Information Technology Personnel.	2	-	-	54	70,10
Quantity Surveyors & Rela Prof Not Class Elsewhere	3	-	-	1	50
Risk Management And Security Services	3	-	-	2	66,70
SAPS	3	-	-	-	-
Secretaries & Other Keyboard Operating Clerks	27	-	-	18	66,70
Senior Managers	21	-	-	6	28,60
Trade Labourers	16	-	-	-	-
<b>Total</b>	<b>702</b>	<b>9</b>	<b>1.30</b>	<b>373</b>	<b>53.10</b>

**Table 3.5.5 Promotions by salary band for the period 1 April 2020 and 31 March 2021**

Salary Band	Employees 1 April 2020	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)	4	-	-	-	-
Skilled (Levels3-5)	113	-	-	46	40,70
Highly skilled production (Levels 6-8)	236	1	0,40	154	65,30
Highly skilled supervision (Levels 9-12)	146	3	2,10	96	65,80
Senior Management (Level 13-16)	21	1	4,80	7	33,30
09 Other, Permanent	20	-	-	-	-
11 Contract (Levels 3-5), Permanent	14	-	-	-	-
12 Contract (Levels 6-8), Permanent	47	1	2,10	15	31,90
13 Contract (Levels 9-12), Permanent	90	2	2,20	53	58,90
14 Contract (Levels >= 13), Permanent	11	1	9,10	2	18,20
<b>TOTAL</b>	<b>702</b>	<b>9</b>	<b>1,30</b>	<b>373</b>	<b>53,10</b>



### 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 2021**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	11	-	2	-	8	2	1	-	24
Professionals	47	2	6	2	46	1	12	-	116
Technicians and associate professionals	91	2	20	4	141	15	14	4	291
Clerks	46	2	12	1	92	2	10	7	172
Service and sales workers	3	-	1	-	2	-	-	-	6
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	51	3	2	1	14	-	-	-	71
Plant and machine operators and assemblers	7	-	-	-	2	-	-	-	9
Elementary occupations	30	1	1	-	6	-	-	-	38
<b>Total</b>									
Employees with disabilities	286	10	44	8	311	20	37	368	727

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2021**

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	1	-	1
Senior Management	7	-	1	-	7	1	4	-	20
Professionally Qualified And Experienced Specialists And Mid-Management	57	1	15	5	52	1	11	1	143
Skilled Technical And Academically Qualified Workers, Junior Management, Supervisors, Foreman And Superintendents	70	3	18	3	6	13	122	10	226
Semi-Skilled And Discretionary Decision Making	55	5	1	-	53	-	1	-	115
Unskilled And Defined Decision Making	3	-	-	-	1	-	-	-	4
Not Available-Permanent	7	-	-	-	23	-	1	-	31
Contract (Top Management)	2	-	-	-	-	-	-	-	2
Contract (Senior Management)	3	-	2	-	4	1	-	-	10
Contract (Professionally Qualified)	54	1	5	-	27	1	5	-	93
Contract (Skilled technical)	19	-	1	-	27	1	1	-	49
Contract (semi-skilled)	9	-	1	-	14	9	-	-	33
<b>Total</b>	<b>286</b>	<b>10</b>	<b>44</b>	<b>8</b>	<b>311</b>	<b>20</b>	<b>37</b>	<b>11</b>	<b>727</b>

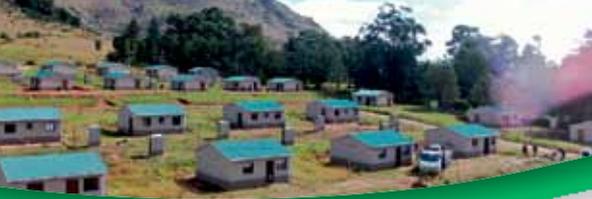


**Table 3.6.3 Recruitment for the period 1 April 2020 to 31 March 2021**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	-	-	-	-	1
Senior Management	2	-	2	-	-	-	-	-	2
Professionally qualified and experienced specialists and mid-management	1	-	-	-	2	-	1	-	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	-	1	-	1	-	1	-	5
Semi-skilled and discretionary decision making	8	-	-	-	2	-	1	-	11
Not available-permanent	6	-	-	-	23	-	1	-	30
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Contract (Top management)	1	-	-	-	-	-	-	-	1
Contract (Senior management)	-	-	2	-	-	-	-	-	2
Contract (Professionally Qualified)	3	-	-	-	4	-	-	-	7
Contract (Skilled technical)	7	-	-	-	5	-	1	-	13
Contract (semi-skilled)	9	-	1	-	14	9	-	-	33
<b>Total</b>	<b>37</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>51</b>	<b>9</b>	<b>5</b>	<b>-</b>	<b>106</b>
Employees with disabilities	1	-	-	-	1	-	-	-	2

**Table 3.6.4 Promotions for the period 1 April 2020 to 31 March 2021**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	2	-	-	-	4	1	1	-	8
Professionally qualified and experienced specialists and mid-management	42	-	9	4	35	1	7	1	99
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	41	3	9	1	80	6	9	6	155
Semi-skilled and discretionary decision making	19	2	-	-	25	-	-	-	46
Unskilled and defined decision making	-	-	-	-	-	-	-	-	0
Contract (Top management)	1	-	-	-	-	-	-	-	1
Contract (Senior Management)	1	-	-	-	1	-	-	-	2
Contract (Professionally Qualified)	31	1	2	-	17	1	3	-	55
Contract (Skilled Technical)	6	-	-	-	10	-	-	-	16
<b>Total</b>	<b>143</b>	<b>6</b>	<b>20</b>	<b>5</b>	<b>172</b>	<b>9</b>	<b>20</b>	<b>7</b>	<b>382</b>
Employees with disabilities	4	1	1	-	-	-	-	-	7



**Table 3.6.5 Terminations for the period 1 April 2020 to 31 March 2021**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management (contract)	-	-	2	-	1	-	-	-	3
Professionally qualified and experienced specialists and mid-management	3	1	3	-	1	-	-	-	8
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	-	-	1	5	1	-	1	12
Semi-skilled and discretionary decision making	7	1	-	-	1	-	-	-	9
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Not Available-Permanent	7	-	-	-	11	-	1	-	19
Contract (Professionally qualified)	4	-	-	-	-	-	-	-	4
Contract (Skilled Technical)	2	-	-	-	3	-	-	1	6
Contract (Semi-skilled)	9	-	-	-	4	-	1	-	14
<b>Total</b>	<b>36</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>26</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>75</b>
Employees with Disabilities	1	-	1	-	-	-	-	-	2

**Table 3.6.6 Disciplinary action for the period 1 April 2020 to 31 March 2021**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	-	-	-	-	-	-	-	-	-
No Outcome	4	-	-	-	6	-	1	-	11
<b>Total</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>11</b>

**Table 3.6.7 Skills development for the period 1 April 2020 to 31 March 2021**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	23	1	5	-	8	2	8	-	47
Professionals	33	1	13	3	44	-	6	1	101
Technicians and associate professionals	55	2	4	1	26	1	3	-	92
Clerks	108	7	19	3	175	9	31	9	361
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	17	3	-	-	1	-	-	-	21
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	10	1	-	-	3	-	-	-	14
Elementary occupations	33	1	1	-	6	-	-	-	41
<b>Total</b>	<b>279</b>	<b>16</b>	<b>42</b>	<b>7</b>	<b>263</b>	<b>12</b>	<b>48</b>	<b>10</b>	<b>677</b>
Employees with disabilities	9	1	1	1	-	-	-	-	12



### 3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

**Table 3.7.1 Signing of Performance Agreements by SMS members as at 31 March 2021**

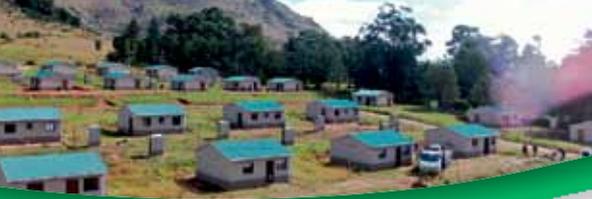
SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department				
Salary Level 16		1	01	100%
Salary Level 15		2	01	50%
Salary Level 14		3	03	100%
Salary Level 13		25	23	92%
<b>Total</b>			<b>32</b>	

**Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as at 31 March 2021**

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 2021**

Reasons
Warning letters issued.



### 3.8 Performance Rewards

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

**Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2019 to 31 March 2020**

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	2.00	278.00	0.70	137.86	68 931.00
Female	4.00	309.00	1.30	117.73	29 433.00
Asian					
Male	0.00	43.00	0.00	0.00	0.0
Female	1.00	37.00	2.70	58.11	58 109.00
Coloured					
Male	0.00	9.00	0.00	0.00	0.00
Female	0.00	20.00	0.00	0.00	0.00
White					
Male	0.00	0.00	0.00	0.00	0.00
Female	0.00	20.00	0.00	0.00	0.00
People with disabilities					
<b>Total</b>	<b>7.00</b>	<b>716.00</b>	<b>4.7</b>	<b>313.70</b>	<b>156.48</b>

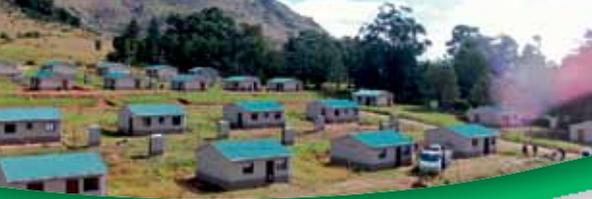
**Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2019 to 31 March 2020**

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0.00	4.00	0.00	0.00	0.00	
Skilled (level 3-5)	0.00	115.00	0.00	0.00	0.00	
Highly skilled production (level 6-8)	1.00	226.00	0.40	14.50	14504.00	
Highly skilled supervision (level 9-12)	4.00	141.00	2.80	216.56	54140.00	
<b>Total</b>	<b>5.00</b>	<b>486.00</b>	<b>3.2</b>	<b>231.06</b>	<b>68.644</b>	



**Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2019 to 31 March 2020**

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total with-in occupation	Total Cost (R'000)	Average cost per employee
Administrative related, Permanent	0.00	1.00	0.00	0.00	0.00
Agriculture related, Permanent					
All artisans in the building metal machinery etc., Permanent					
Architects town and traffic planners, Permanent	1.00	16.00	6.30	30.94	30 937.00
Artisan project and related superintendents, Permanent	0.00	0.00	0.00	0.00	0.00
Auxiliary and related workers, Permanent					
Bus and heavy vehicle drivers, Permanent	0.00	1.00	0.00	0.00	0.00
Cartographic surveying and related technicians, Permanent	0.00	3.00	0.00	0.00	0.00
Civil engineering technicians, Permanent	0.00	1.00	0.00	0.00	0.00
Cleaners in offices workshops hospitals etc., Permanent	0.00	22.00	0.00	0.00	0.00
Client inform clerks (switchboard, reception, inform clerks), Permanent	0.00	5.00	0.00	0.00	0.00
Communication and information related, Permanent	0.00	4.00	0.00	0.00	0.00
Community development workers, Permanent	0.00	9.00	0.00	0.00	0.00
Computer system designers and analysts., Permanent	0.00	1.00	0.00	0.00	0.00
Engineering sciences related, Permanent	0.00	3.00	0.00	0.00	0.00
Engineers and related professionals, Permanent	0.00	20.00	0.00	0.00	0.00
Finance and economics related, Permanent	0.00	6.00	0.00	0.00	0.00
Financial and related professionals, Permanent	0.00	2.00	0.00	0.00	0.00
Financial clerks and credit controllers, Permanent					
Food services aids and waiters, Permanent	0.00	0.00	0.00	0.00	0.00
General legal administration & rel. professionals, Permanent	0.00	2.00	0.00	0.00	0.00
Head of department/chief executive officer, Permanent	0.00	2.00	0.00	0.00	0.00
Human resources & organisational development & relate prof, Permanent	0.00	14.00	0.00	0.00	0.00
Human resources clerks, Permanent	0.00	17.00	0.00	0.00	0.00



Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total with-in occupation	Total Cost (R'000)	Average cost per employee
Human resources related, Permanent	0.00	21.00	0.00	0.00	0.00
Information technology related, Permanent	0.00	4.00	0.00	0.00	0.00
Inspectors of apprentices works and vehicles, Permanent	0.00	51.00	2.00	51.70	51 704.00
Language practitioners, interpreters & other commun, Permanent	0.00	.00	0.00	0.00	0.00
Legal related, Permanent	0.00	8.00	0.00	0.00	0.00
Library mail and related clerks, Permanent	0.00	13.00	0.00	0.00	0.00
Light vehicle drivers, Permanent	0.00	8.00	0.00	0.00	0.00
Logistical support personnel, Permanent	0.00	2.00	0.00	0.00	0.00
Material-recording and transport clerks, Permanent	0.00	7.00	0.00	0.00	0.00
Messengers porters and deliverers, Permanent	0.00	3.00	0.00	0.00	0.00
Other administration & related clerks and organisers, Permanent	0.00	46.00	2.20	14.50	14 504.00
Other administrative policy and related officers, Permanent	0.00	71.00	1.40	20.59	20 589.00
Other information technology personnel, Permanent	0.00	2.00	0.00	0.00	0.00
Quantity surveyors & related prof not class elsewhere, Permanent	0.00	3.00	0.00	0.00	0.00
Risk management and security services, Permanent	0.00	3.00	0.00	0.00	0.00
Secretaries & other keyboard operating clerks, Permanent	0.00	27.00	0.00	0.00	0.00
Senior managers, Permanent	0.00	22.00	0.00	0.00	0.00
Trade labourers, Permanent	0.00	13.00	0.00	0.00	0.00
<b>Total</b>	<b>7.00</b>	<b>718.00</b>	<b>1.00</b>	<b>313.70</b>	<b>44 815.00</b>



**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2019 to 31 March 2020**

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	0.00	27.00	0.00	0.00	0.00	0.00
Band B	0.00	3.00	0.00	0.00	0.00	0.00
Band C	0.00	2.00	0.00	0.00	0.00	0.00
Band D	0.00	1.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>33.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### 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 2020 and 31 March 2021**

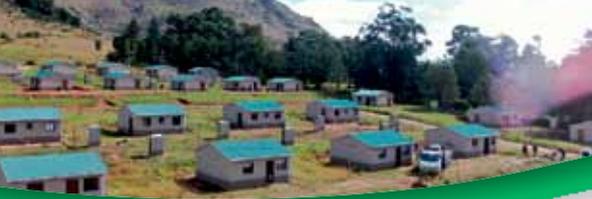
Nothing to report on

Salary band	1 April 2020		31 March 2021		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)	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2020 and 31 March 2021**

Nothing to report on

Major occupation	1 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



### 3.10 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

**Table 3.10.1 Sick leave for the period 1 January 2020 to 31 December 2020**

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)	31	61	3	0.70	10	17
Skilled (levels 3-5)	725	78.10	85	20.40	9	617
Highly skilled production (levels 6-8)	1152	61.30	176	42.80	7	1931
Highly skilled supervision (levels 9 -12)	496	60.10	90	21.60	6	1422
Top and Senior management (levels 13-16)	63	71.40	11	2.60	6	285
Contract (Level 13-16)	21	52.40	4	1	5	88
Contract (level 9-12)	89	67.40	15	3.60	6	244
Contract (Level 6-8)	84	60.70	20	4.80	4	115
Contract (Level 3-5)	25	40	7	1.70	4	21
Contract other	29	79.30	5	1.20	6	8
<b>Total</b>	<b>2715</b>	<b>65.90</b>	<b>416</b>	<b>100</b>	<b>7</b>	<b>4748</b>

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2020 to 31 December 2020**

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)	6	100	2	20	3	5
Highly skilled production (Levels 6-8)	173	100	5	50	35	285
Contract (Levels 9-12)	3	100	1	10	2	2
Senior management (Levels 13-16)	2	100	1	10	2	9
Contract (Level 6-8)	2	100	1	10	2	2
<b>Total</b>	<b>186</b>	<b>100</b>	<b>10</b>	<b>100</b>	<b>19</b>	<b>309</b>



The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

**Table 3.10.3 Annual Leave for the period 1 January 2020 to 31 December 2020**

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	72	18	4
Skilled Levels 3-5)	2447	20	120
Highly skilled production (Levels 6-8)	4855	20	240
Highly skilled supervision(Levels 9-12)	2951	20	151
Senior management (Levels 13-16)	384	18	21
Contract (Level 13-16)	146	12	12
Contract (Level 9-12)	1348	15	90
Contract (Level 6-8)	571	12	47
Contract (Level 3-5)	182	9	20
Contract Other	144	6	25
<b>Total</b>	<b>13100</b>	<b>18</b>	<b>730</b>

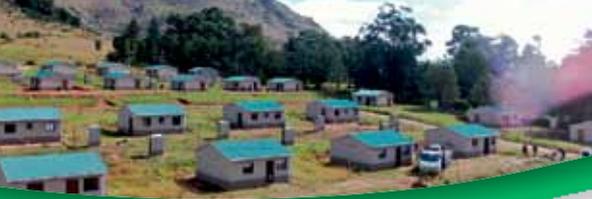
**Table 3.10.4 Capped leave for the period 1 January 2020 to 31 December 2020**

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 2021
Lower skilled (Levels 1-2)	-	-	-	-
Skilled (Levels 3-5)	11	4	68	3
Highly skilled production (Levels 6-8)	4	2	68	2
Highly skilled supervision (Levels 9-12)	1	1	68	1
Senior management (Levels 13-16)	-	-	73	-
<b>Total</b>	<b>16</b>	<b>7</b>		

The following table summarise payments made to employees as a result of leave that was not taken.

**Table 3.10.5 Leave payouts for the period 1 April 2020 and 31 March 2021**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-outs for 2019/20 due to non-utilisation of leave for the previous cycle	1 066	23	46
Capped leave pay-outs on termination of service for 2019/20	2 337	22	106
Current leave pay-outs on termination of service for 2019/20	329	17	19
<b>Total</b>	<b>3 731</b>		



### 3.11 HIV/AIDS & Health Promotion Programmes

**Table 3.11.1 Steps taken to reduce the risk of occupational exposure**

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

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Ms. T. Zulu – Senior Manager: 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, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		No	
5. Has the department reviewed 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 2020 and 31 March 2021**

<b>Total number of Collective agreements</b>	None
--	------

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

**Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2020 and 31 March 2021**

<b>Outcomes of disciplinary hearings</b>	<b>Number</b>	<b>% of total</b>
Verbal warning	1	9
Written warning	10	91
<b>Total</b>	<b>11</b>	<b>100</b>

**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2020 and 31 March 2021**

<b>Type of misconduct</b>	<b>Number</b>	<b>% of total</b>
Fruitless expenditure	-	0%
Insolent behaviour	3	0.69%
Failure to comply with transport prescripts	3	0.69%
Misuse of state vehicle	3	0.69%
<b>Total</b>	<b>9</b>	<b>3%</b>

**Table 3.12.4 Grievances logged for the period 1 April 2020 and 31 March 2021**

<b>Grievances</b>	<b>Number</b>	<b>% of Total</b>
Number of grievances resolved	11	68.8
Number of grievances not resolved	5	31.2
<b>Total number of grievances lodged</b>	<b>16</b>	<b>100</b>

**Table 3.12.5 Disputes logged with Councils for the period 1 April 2020 and 31 March 2021**

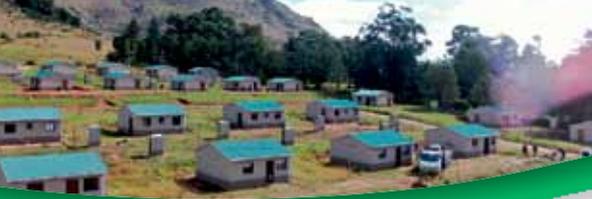
<b>Disputes</b>	<b>Number</b>	<b>% of Total</b>
Number of disputes upheld	-	-
Number of disputes dismissed	8	100
<b>Total number of disputes lodged</b>	<b>8</b>	<b>100</b>

**Table 3.12.6 Strike actions for the period 1 April 2020 and 31 March 2021**

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

**Table 3.12.7 Precautionary suspensions for the period 1 April 2020 and 31 March 2021**

<b>Number of people suspended</b>	1
<b>Number of people who's suspension exceeded 30 days</b>	1
<b>Average number of days suspended</b>	60
<b>Cost of suspension (R'000)</b>	32



### 3.13 Skills development

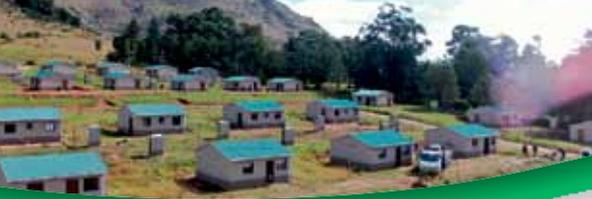
This section highlights the efforts of the department with regard to skills development.

**Table 3.13.1 Training needs identified for the period 1 April 2020 and 31 March 2021**

Occupational category	Gender	Number of employees as at 1 April 2020	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	107	-	Occupational Health and Safety (OHS) Public Service Administration Business Administration Project Risk Management Environmental Management Project Management Construction Contracts Management Project Khaedu Contract Management Financial Management Business and System Analysis ITIL Change Management Research and Development Land Legal Facilitation Dispute resolution Conflict Management Assessor Moderator Skills Development Facilitator Policy Development Middle Management Budgeting in the Public Sector Leadership and Management Supply Chain Management Monitoring and Evaluation Intergovernmental Relations Internal Audit Risk Management Fraud management Investigation Woman in Management Emotional Intelligence HSS Ms Excel Ms PowerPoint SACPCMP Workshop FIDIC Red Book Chairing Meetings Effectively Compulsory Induction Programme Debtor System Train the Trainer BAS Leadership Skills Ms Access	1	108



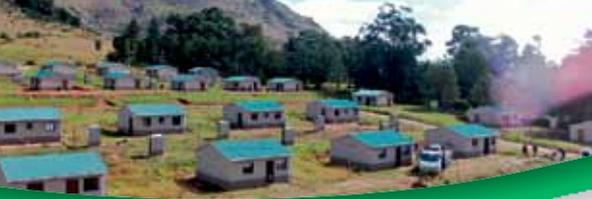
Occupational category	Gender	Number of employees as at 1 April 2020	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
				Strategic and Operational Planning Communication Ethics Management IsiZulu AutoCAD 3D Grievances and Disciplinary Procedures NHBRC Ms Project Technical Report Writing People Management Human Resource Management Supervisory Skills SQL Training IT Security Visual Studio Net IT Governance Database Management Policy Research Policy Analysis GRAP Standards EPMDS Desktop Publishing Multimedia Production Content Development and creative writing Photography Graphic Design PFMA Social Media Management Stakeholder Relation Management Stakeholder Relation Management Para-Legal Investigation Labour Relations Speech Writing Diversity Management		
	Male	110	-		-	110



Occupational category	Gender	Number of employees as at 1 April 2020	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Professional	Female	78	-	Contract Management	-	78
	Male	33	-	Financial Management Project Management Social Facilitation Minutes Writing NHBRC AutoCAD 3D Ms Project Occupational Health and Safety Programme & Project Management Policy Development Effective Project Management PERSAL BAS Ms Excel Ms Word Risk Management Real Management and Fraud Prevention Ms outlook SCOA Ms PowerPoint EPMDS Supervisory Skills Photography Graphic Design Communication Time Management PFMA Budgeting in the Public Sector Para-Legal Dispute Resolution Procedures Conflict Resolution Presentation Fraud Management Internal Audit CURA IT Security Certification ITIL International A+ Certification Report Writing Customer Care the Batho Pele way SACPCMP Workshop	1	34



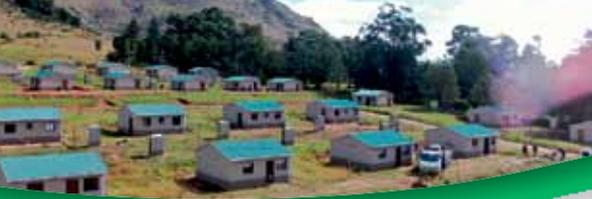
Occupational category	Gender	Number of employees as at 1 April 2020	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	27	-	Ms Excel Project Management HSS	-	27
	Male	70	-	Contract Management Financial Management Risk Management Computer Supply Chain Management Leadership and Management BAS Report Writing HARDCAT Bids Evaluation NHBC Home Building Site Management Communication Ms Project SANS 10400 JBCC Occupational Health and Safety Construction Management Concrete Training isiZulu Drafting Skills Labour and Contract Minute Writing CCS Software Construction Project Management Conflict Management	-	70



Occupational category	Gender	Number of employees as at 1 April 2020	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Female	194	-	Fleet Management	-	194
	Male	89	-	Records Management Ms Excel Presentation Facilitation Project Management HSS Orientation Computer Customer Care Registry management Ms project Ms PowerPoint Supervisory Skills BAS Problem Solving Minutes Writing Telephone Etiquette Investigation Grade A Security Automotive Training Equipment Ms Word NHBC AutoCAD 3D Financial Management Leadership Course for Middle Managers Contract Management Occupational Health and Safety Construction Management Report Writing PERSAL Presiding Training Design Development Learning Programme Writing Skills Policy Development Communication Debtor System EPMDS Time Management Labour Relations Customer Relations Management EEDBS database Programme Supply Chain Management Leadership Development Effective Management for Junior Managers Monitoring and Evaluation Organising Skills Diversity Management Strategic Planning	-	89



Occupational category	Gender	Number of employees as at 1 April 2020	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Service and sales workers	Female	4	-	Risk Management Financial Management	-	4
	Male	-	-	Customer Care Problem Solving and Decision Making	-	-
Skilled agriculture and fishery workers	Female	1	-	Project Management Ms Excel Plumbing	-	1
	Male	11	-	Painting Plastering and Bricklaying Carpentry	-	11
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	Computer	-	-
	Male	4	-	-	-	4
Elementary occupations	Female	-	-	Carpentry	-	-
	Male	12	-	-	-	12
<b>Sub Total</b>	<b>Female</b>	<b>412</b>	<b>-</b>		<b>2</b>	<b>412</b>
	<b>Male</b>	<b>330</b>	<b>-</b>		<b>-</b>	<b>330</b>
<b>Total</b>		<b>742</b>	<b>-</b>		<b>-</b>	<b>742</b>



**Table 3.13.2 Training provided for the period 1 April 2020 and 31 March 2021**

Occupational category	Gender	Number of employees as at 1 April 2020	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	7	-	Urban Inclusive of Economic Growth in Africa PSETA Capacity Building Programme for Chairperson and initiators for Disciplinary cases in the Public Service	-	7
	Male	7	-	Change Management	-	7
Professionals	Female	2	-	Urban Inclusive of Economic Growth in Africa	-	1
	Male	1	-	Report writing	-	1
Technicians and associate professionals	Female	1	-	Report writing	-	1
	Male	-	-		-	-
Clerks	Female	27	-	Urban Inclusive of Economic Growth in Africa	-	27
	Male	15	-	Introduction to Strategic Management Operations Management Ethics in the Public Service Report Writing Writing for Government Introduction to Financial Management and Budgeting Ethics for Internal Auditors Introduction to leading change Introduction to strategic planning and management Know and live your constitution Customer Care	-	15
Service and sales workers	Female	-	-		-	-
	Male	-	-		-	-
Skilled agriculture and fishery workers	Female	-	-		-	-
	Male	-	-		-	-
Craft and related trades workers	Female	-	-		-	-
	Male	-	-		-	-
Plant and machine operators and assemblers	Female	-	-		-	-
	Male	-	-		-	-
Elementary occupations	Female	1	-	Carpentry	-	1
	Male	4	-		-	4
<b>Sub Total</b>	<b>Female</b>	<b>38</b>	<b>-</b>		<b>-</b>	<b>38</b>
	<b>Male</b>	<b>27</b>	<b>-</b>		<b>-</b>	<b>27</b>
<b>Total</b>		<b>65</b>	<b>-</b>		<b>-</b>	<b>65</b>



### 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 2020 and 31 March 2021**

Nothing to report on

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

### 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 2020 and 31 March 2021**

Nothing to report on

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 2020 and 31 March 2021**

Nothing to report on

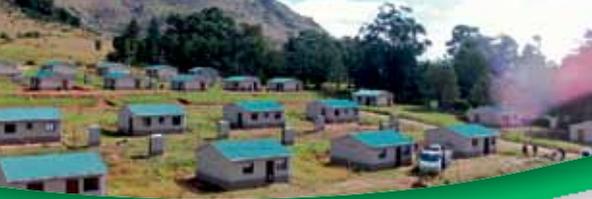
Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
-	-	-	-

**Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2020 and 31 March 2021**

Nothing to report on

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 2020 and 31 March 2021**

Nothing to report on

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 2020 and 31 March 2021**

Nothing to report on

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)	-	-	-	-
<b>Total</b>	-	-	-	-



**KWAZULU-NATAL PROVINCE**

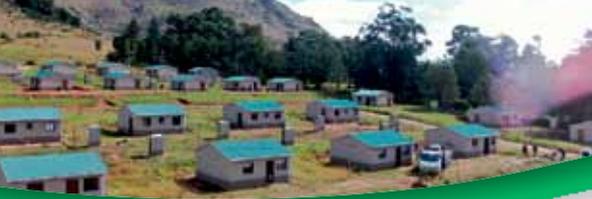
**HUMAN SETTLEMENTS**  
REPUBLIC OF SOUTH AFRICA

# **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 142 to 225, which comprise the appropriation statement, the statement of financial position as at 31 March 2021, 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 2021, 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 No. 1 of 1999 (PFMA) and the Division of Revenue Act No. 4 of 2020 (Dora).

#### Basis for opinion

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

#### Other matter

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

#### Unaudited supplementary schedules

7. The supplementary information set out on pages 226 to 238 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.



## **Responsibilities of accounting officer for the financial statements**

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with 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.
9. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

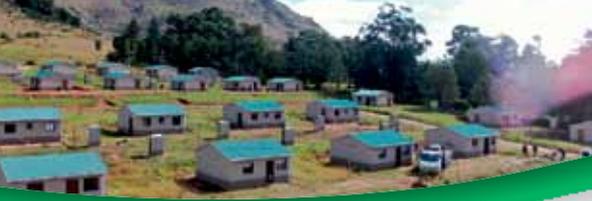
## **Auditor-general's responsibilities for the audit of the financial statements.**

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**

### **Introduction and scope**

12. In accordance with the Public Audit Act No. 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. 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.
14. 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 programme 3: housing development presented on pages 48 to 65 of the annual performance report of the department for the year ended 31 March 2021.



15. 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.
16. I did not raise any material findings on the usefulness and reliability of the reported information for the selected programme.

### **Other matters**

17. I draw attention to the matters below.

### **Achievement of planned targets**

18. The annual performance report on pages 37 to 72 sets out information on the achievement of planned targets for the year and explanations provided for the under and over-achievement of a significant number of targets.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

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

### **Consequence management**

21. Investigations were not conducted into all allegations of financial misconduct committed by some officials, as required by treasury regulation 4.1.1.

## **Other information**

22. 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 the selected programme presented in the annual performance report that have been specifically reported on in this auditor's report.
23. My opinion on the financial statements, 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.
24. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.



25. The other information I obtained prior to the date of this auditor's report is the report of the accounting officer and the foreword of the Member of the Executive Council. The report of the audit committee is expected to be made available to me after 31 July 2021.
26. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.
27. When I do receive and read the report of the audit committee, and if I conclude that there is a material misstatement therein, 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

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
29. Senior management did not exercise effective monitoring over compliance with key legislation relating to consequence management.

#### Other reports

30. I draw attention to the following engagements conducted 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 findings on compliance with legislation.
31. Five investigations were conducted by the shared forensic audit unit for provincial departments covering the period March 2010 to March 2021. These investigations related to procurement irregularities and alleged fraud and corruption. Four investigations were still in progress at year-end and one was completed which resulted in the matter being referred to the South African Police Services for criminal investigation.

*Auditor-General*

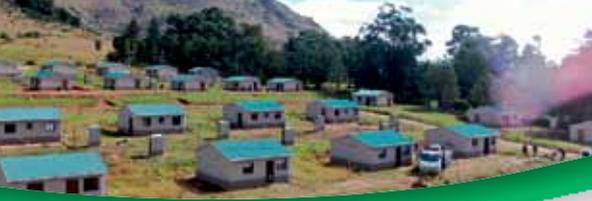
Pietermaritzburg

30 July 2021



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 the selected programme 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.



## **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

I acknowledge my responsibility for the accuracy of the accounting records and the fair presentation of the financial statements and confirm, to the best of our knowledge and belief, the following:

- the financial statements have been prepared in accordance with modified cash basis as prescribed in the PFMA and Treasury Regulations and relevant guidelines specified / issued by the National Treasury;
- the financial statements are completed and accurate;
- all amounts appearing on the financial statements have been cast and cross-cast and been accurately cross referenced;
- the financial statements are free from material misstatements, including omissions; and
- accounting estimates are reasonable in the circumstances.

***Date authorised for issue:***

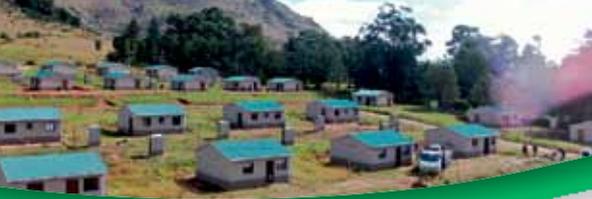
**31 August 2021**

***Authorised by:***

**Mr. M. O.S. Zungu**

**Accounting Officer**

**KwaZulu-Natal Department of Human Settlements**



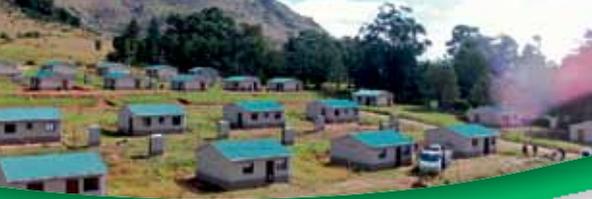
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Programme	Appropriation per programme							2019/20	
	Adjusted Appropriation	Post Adjustments / 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	237,486	-	1,491	238,977	236,079	2,898	98.8	231,590	231,590
2. Housing Needs, Research and Planning	18,634	-	(1,491)	17,143	16,357	786	95.4	17,076	17,076
3. Housing Development	3,144,758	-	(12,828)	3,131,930	3,122,097	9,833	99.7	3,848,698	3,765,984
4. Housing Asset Management, Property Management	163,277	-	12,828	176,105	172,925	3,180	98.2	250,468	246,709
<b>Total</b>	<b>3,564,155</b>	<b>-</b>	<b>-</b>	<b>3,564,155</b>	<b>3,547,458</b>	<b>16,697</b>	<b>99.5</b>	<b>4,347,832</b>	<b>4,261,359</b>
Reconciliation with statement of financial performance									
Add									
Departmental receipts				5,645				21,085	
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>3,569,800</b>				<b>4,368,917</b>	
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>3,547,458</b>				<b>4,261,359</b>



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Economic classification	Appropriation per economic classification									
	2020/21					2019/20				
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
<b>Current payments</b>	<b>560,565</b>	<b>(7,701)</b>	<b>(39,209)</b>	<b>513,655</b>	<b>498,792</b>	<b>14,863</b>	<b>97.1</b>	<b>532,657</b>	<b>522,971</b>	
Compensation of employees	359,358	579	(17,926)	342,011	336,554	5,457	98.4	334,569	334,569	
Salaries and wages	322,542	579	(17,809)	305,312	301,129	4,183	98.6	300,877	301,006	
Social contributions	36,816	-	(117)	36,699	35,425	1,274	96.5	33,692	33,563	
Goods and services	201,207	(8,280)	(21,283)	171,644	162,238	9,406	94.5	198,088	188,402	
Administrative fees	989	-	(233)	756	358	398	47.4	1,349	1,127	
Advertising	6,230	-	(1,196)	5,034	5,111	(77)	101.5	4,380	3,172	
Minor assets	587	-	-	587	464	123	79.0	587	605	
Audit costs: External	6,964	-	-	6,964	5,098	1,866	73.2	4,891	5,438	
Bursaries: Employees	156	-	-	156	349	(193)	223.7	220	284	
Catering: Departmental activities	2,164	-	(1,341)	823	562	261	68.3	4,923	5,243	
Communication (G&S)	4,671	-	-	4,671	4,685	(14)	100.3	4,719	4,848	
Computer services	17,610	-	713	18,323	22,454	(4,131)	122.5	11,569	11,710	
Consultants: Business and advisory services	13,396	(1,331)	(5,236)	6,829	4,607	2,222	67.5	8,804	15,165	
Infrastructure and planning services	40,312	-	(9,517)	30,795	33,765	(2,970)	109.6	54,132	44,588	
Laboratory services	-	-	-	-	-	-	-	-	-	
Scientific and technological services	-	-	-	-	-	-	-	-	-	
Legal services	9,794	(4,870)	(1,203)	3,721	1,349	2,372	36.3	5,282	1,840	
Contractors	7,534	(1,500)	301	6,335	2,724	3,611	43.0	9,620	4,164	
Agency and support / outsourced services	1,036	-	-	1,036	913	123	88.1	-	-	
Entertainment	-	-	-	-	-	-	-	-	-	



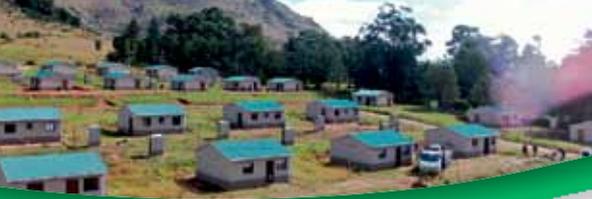
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Economic classification	Appropriation per economic classification										
	2020/21						2019/20				
	Adjusted Appropriation R'000	Post Adjustments / 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		
Fleet services	4,720	-	-	4,720	4,287	433	90.8	6,420	6,433		
Housing	-	-	-	-	-	-	-	-	-		
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-		
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	15,877	-	108	15,985	15,266	719	95.5	2,365	2,612		
Consumable: Stationery, printing and office supplies	861	-	18	879	795	84	90.4	1,364	894		
Operating leases	29,713	-	-	29,713	28,541	1,172	96.1	28,096	28,664		
Property payments	22,885	-	(4,035)	18,850	19,050	(200)	101.1	25,308	25,439		



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Economic classification	Appropriation per economic classification									
	2020/21					2019/20				
	Adjusted Appropriation R'000	Post Adjustments / 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	
Transport provided: Departmental activity	370	-	-	370	32	338	8.6	1,042	955	
Travel and subsistence	7,703	-	338	8,041	6,996	1,045	87.0	13,572	13,377	
Training and development	3,697	(579)	-	3,118	2,908	210	93.3	6,064	4,958	
Operating payments	1,012	-	-	1,012	887	125	87.6	972	816	
Venues and facilities	-	-	-	-	-	-	-	-	140	
Rental and hiring	2,926	-	-	2,926	1,037	1,889	35.4	2,409	5,930	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>2,993,795</b>	<b>7,701</b>	<b>39,194</b>	<b>3,040,690</b>	<b>3,044,100</b>	<b>(3,410)</b>	<b>100.1</b>	<b>3,798,103</b>	<b>3,721,070</b>	
Provinces and municipalities	46,513	7,701	-	54,214	104,441	(50,227)	192.6	109,069	86,069	
Provinces	160	-	-	160	123	37	76.9	130	95	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	
Provincial agencies and funds	160	-	-	160	123	37	76.9	130	95	
Municipalities	46,353	7,701	-	54,054	104,318	(50,264)	193.0	108,939	85,974	
Municipal bank accounts	46,353	7,701	-	54,054	104,318	(50,264)	193.0	108,939	85,974	
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Economic classification	Appropriation per economic classification									
	2020/21					2019/20				
	Adjusted Appropriation R'000	Post Adjustments / 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	
Departmental agencies and accounts	163,277	-	12,828	176,105	172,925	3,180	98.2	250,468	245,826	
Social security funds	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	163,277	-	12,828	176,105	172,925	3,180	98.2	250,468	245,826	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Public corporations	-	-	-	-	-	-	-	-	-	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	
Other transfers to public corporations	-	-	-	-	-	-	-	-	-	
Private enterprises	-	-	-	-	-	-	-	-	-	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	50	50	
Households	2,784,005	-	26,366	2,810,371	2,766,734	43,637	98.4	3,438,516	3,389,125	
Social benefits	1,009	-	1,692	2,701	2,746	(45)	101.7	2,687	2,901	
Other transfers to households	2,782,996	-	24,674	2,807,670	2,763,988	43,682	98.4	3,435,829	3,386,224	



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Economic classification	Appropriation per economic classification									
	2020/21					2019/20				
	Adjusted Appropriation	Post Adjustments / 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		
<b>Payments for capital assets</b>	<b>9,795</b>	-	<b>15</b>	<b>9,810</b>	<b>4,566</b>	<b>5,244</b>	<b>46.5</b>	<b>17,007</b>	<b>17,253</b>	
Buildings and other fixed structures	2,000	-	-	2,000	-	2,000	-	12,376	13,129	
Buildings	2,000	-	-	2,000	-	2,000	-	-	-	
Other fixed structures	-	-	-	-	-	-	-	12,376	13,129	
Machinery and equipment	7,795	-	15	7,810	4,566	3,244	58.5	4,631	4,124	
Transport equipment	1,108	-	-	1,108	3,239	(2,131)	292.3	1,050	1,045	
Other machinery and equipment	6,687	-	15	6,702	1,327	5,375	19.8	3,581	3,079	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>65</b>	
<b>Total</b>	<b>3,564,155</b>	<b>-</b>	<b>-</b>	<b>3,564,155</b>	<b>3,547,458</b>	<b>16,697</b>	<b>99.5</b>	<b>4,347,832</b>	<b>4,261,359</b>	



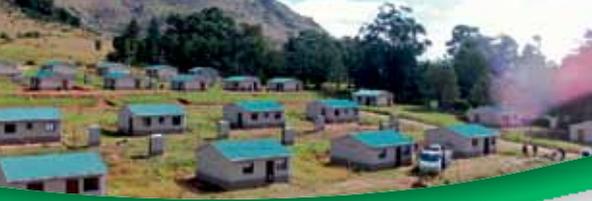
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme	Programme 1: Administration							2019/20	
	2020/21							Final Appropriation	Actual expenditure
	Adjusted Appropriation	Post Adjustments / Shifting of funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	R'000	R'000
1. Corporate Services	237,486	-	1,491	238,977	236,079	2,898	98.8	231,590	231,590
<b>Total for sub-programme</b>	<b>237,486</b>	<b>-</b>	<b>1,491</b>	<b>238,977</b>	<b>236,079</b>	<b>2,898</b>	<b>98.8</b>	<b>231,590</b>	<b>231,590</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>231,937</b>	<b>-</b>	<b>713</b>	<b>232,650</b>	<b>232,680</b>	<b>(30)</b>	<b>100.0</b>	<b>224,827</b>	<b>225,219</b>
Compensation of employees	142,915	579	-	143,494	143,494	-	100.0	139,859	139,859
Salaries and wages	123,492	579	-	124,071	123,537	534	-	120,812	120,812
Social contributions	19,423	-	-	19,423	19,957	(534)	102.7	19,047	19,047
Goods and services	89,022	(579)	713	89,156	89,186	(30)	100.0	84,968	85,360
Administrative fees	88	-	-	88	68	20	77.3	394	244
Advertising	203	-	-	203	1,715	(1,512)	844.8	1,809	1,329
Minor assets	311	-	-	311	317	(6)	101.9	369	363
Audit costs: External	6,964	-	-	6,964	5,098	1,866	73.2	4,891	5,438
Bursaries: Employees	156	-	-	156	349	(193)	223.7	220	284
Catering: Departmental activities	148	-	-	148	32	116	21.6	159	196
Communication (G&S)	3,534	-	-	3,534	3,749	(215)	106.1	3,806	3,760
Computer services	17,610	-	713	18,323	22,454	(4,131)	122.5	11,569	11,710
Consultants: Business and advisory services	107	-	-	107	349	(242)	326.2	230	166



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme	Programme 1: Administration									
	2020/21					2019/20				
	Adjusted Appropriation R'000	Post Adjustments / 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	
Infrastructure and planning services	-	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-	-
Legal services	2,900	-	-	2,900	934	1,966	32.2	1,582	1,044	
Contractors	270	-	-	270	220	50	81.5	311	325	
Agency and support / outsourced services	1,036	-	-	1,036	913	123	88.1	-	-	
Entertainment	-	-	-	-	-	-	-	-	-	-
Fleet services	4,218	-	-	4,218	3,952	266	93.7	5,918	5,924	
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	-	-	-	-	-	-	-	-	-	-



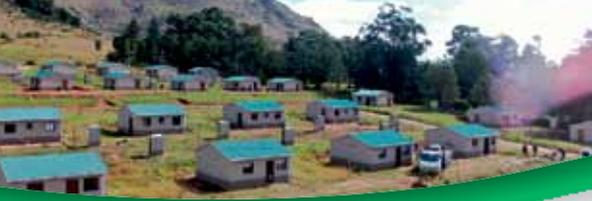
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme	Programme 1: Administration									
	2020/21					2019/20				
	Adjusted Appropriation R'000	Post Adjustments / 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	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other supplies	-	-	-	-	-	-	-	-	-	
Consumable supplies	1,703	-	-	1,703	1,605	98	94.2	886	1,506	
Consumable: Stationery, printing and office supplies	761	-	-	761	745	16	97.9	1,205	873	
Operating leases	29,713	-	-	29,713	28,541	1,172	96.1	28,096	28,664	
Property payments	15,585	-	-	15,585	15,590	(5)	100.0	18,573	18,573	
Transport provided: Departmental activity	-	-	-	-	-	-	-	42	42	
Travel and subsistence	1,526	-	-	1,526	1,660	(134)	108.8	3,731	3,731	
Training and development	844	(579)	-	265	54	211	20.4	625	635	
Operating payments	545	-	-	545	702	(157)	128.8	549	549	
Venues and facilities	-	-	-	-	-	-	-	-	-	
Rental and hiring	800	-	-	800	139	661	17.4	3	4	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	-	-	



**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2021*

Sub-programme	Programme 1: Administration							2019/20	
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual expenditure R'000
<b>Transfers and subsidies</b>	<b>696</b>	-	<b>778</b>	<b>1,474</b>	<b>1,437</b>	<b>37</b>	<b>97.5</b>	<b>2,513</b>	<b>2,478</b>
Provinces and municipalities	160	-	-	160	123	37	76.9	130	95
Provinces	160	-	-	160	123	37	76.9	130	95
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	160	-	-	160	123	37	76.9	130	95
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	-	-	-	-	-	-	-	-	-



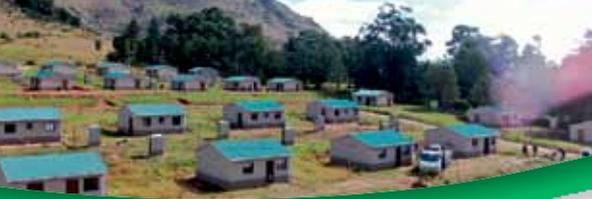
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Programme 1: Administration									
Sub-programme	2020/21					2019/20			
	Adjusted Appropriation R'000	Post Adjustments / 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 public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	536	-	778	1,314	1,314	-	100.0	2,383	2,383
Social benefits	96	-	778	874	1,113	(239)	127.3	1,932	1,951
Other transfers to households	440	-	-	440	201	239	45.7	451	432
<b>Payments for capital assets</b>	<b>4,853</b>	<b>-</b>	<b>-</b>	<b>4,853</b>	<b>1,962</b>	<b>2,891</b>	<b>40.4</b>	<b>4,197</b>	<b>3,840</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4,853	-	-	4,853	1,962	2,891	40.4	4,197	3,840
Transport equipment	1,108	-	-	1,108	868	240	78.3	1,050	1,045



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2021

Sub-programme	Programme 1: Administration							2019/20	
	Adjusted Appropriation R'000	Post Adjustments / 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 machinery and equipment	3,745	-	-	3,745	1,094	2,651	29.2	3,147	2,795
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	53	53
<b>Total</b>	<b>237,486</b>	<b>-</b>	<b>1,491</b>	<b>238,977</b>	<b>236,079</b>	<b>2,898</b>	<b>98.8</b>	<b>231,590</b>	<b>231,590</b>



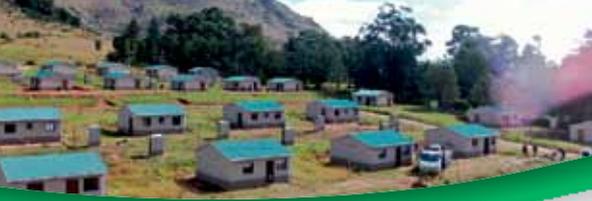
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

	Sub-programme: 1.1 Corporate Services							2019/20	
	2020/21							Final Appropriation	Actual expenditure
Economic classification	Adjusted Appropriation	Post Adjustments / Shifting of funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	R'000	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>231,937</b>	-	<b>713</b>	<b>232,650</b>	<b>232,680</b>	<b>(30)</b>	<b>100.0</b>	<b>224,827</b>	<b>225,219</b>
Compensation of employees	142,915	579	-	143,494	143,494	-	100.0	139,859	139,859
Goods and services	89,022	(579)	713	89,156	89,186	(30)	100.0	84,968	85,360
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>696</b>	-	<b>778</b>	<b>1,474</b>	<b>1,437</b>	<b>37</b>	<b>97.5</b>	<b>2,513</b>	<b>2,478</b>
Provinces and municipalities	160	-	-	160	123	37	76.9	130	95
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	536	-	778	1,314	1,314	-	100.0	2,383	2,383
<b>Payments for capital assets</b>	<b>4,853</b>	-	-	<b>4,853</b>	<b>1,962</b>	<b>2,891</b>	<b>40.4</b>	<b>4,197</b>	<b>3,840</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4,853	-	-	4,853	1,962	2,891	40.4	4,197	3,840
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	<b>53</b>	<b>53</b>
<b>Total</b>	<b>237,486</b>	-	<b>1,491</b>	<b>238,977</b>	<b>236,079</b>	<b>2,898</b>	<b>98.8</b>	<b>231,590</b>	<b>231,590</b>



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme	Programme 2: Housing Needs, Research and Planning									
	2020/21					2019/20				
	Adjusted Appropriation R'000	Post Adjustments / 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	458	-	-	458	430	28	93.9	398	398	
2. Policy	4,660	-	(475)	4,185	4,044	141	96.6	3,786	3,786	
3. Planning	4,305	-	(360)	3,945	3,786	159	96.0	3,292	3,292	
4. Research	9,211	-	(656)	8,555	8,097	458	94.6	9,600	9,600	
<b>Total for sub-programmes</b>	<b>18,634</b>	<b>-</b>	<b>(1,491)</b>	<b>17,143</b>	<b>16,357</b>	<b>786</b>	<b>95.4</b>	<b>17,076</b>	<b>17,076</b>	
<b>Economic classification</b>										
<b>Current payments</b>	<b>18,592</b>	<b>-</b>	<b>(1,546)</b>	<b>17,046</b>	<b>16,243</b>	<b>803</b>	<b>95.3</b>	<b>17,039</b>	<b>17,044</b>	
Compensation of employees	16,825	-	(1,090)	15,735	15,609	126	99.2	14,017	14,017	
Salaries and wages	14,421	-	(870)	13,551	13,522	29	99.8	12,107	12,167	
Social contributions	2,404	-	(220)	2,184	2,087	97	95.6	1,910	1,850	
Goods and services	1,767	-	(456)	1,311	634	677	48.4	3,022	3,027	
Administrative fees	120	-	-	120	48	72	40.0	133	119	
Advertising	4	-	-	4	5	(1)	125.0	25	32	
Minor assets	4	-	-	4	-	4	-	31	42	
Audit costs: External	-	-	-	-	-	-	-	-	-	
Bursaries: Employees	-	-	-	-	-	-	-	-	-	
Catering: Departmental activities	609	-	(456)	153	15	138	9.8	1,893	1,910	
Communication (G&S)	-	-	-	-	-	-	-	-	-	
Computer services	-	-	-	-	-	-	-	-	-	
Consultants: Business and advisory services	-	-	-	-	-	-	-	24	24	
Infrastructure and planning services	-	-	-	-	-	-	-	-	-	
Laboratory services	-	-	-	-	-	-	-	-	-	
Scientific and technological services	-	-	-	-	-	-	-	-	-	
Legal services	-	-	-	-	-	-	-	-	-	
Contractors	-	-	-	-	-	-	-	-	-	



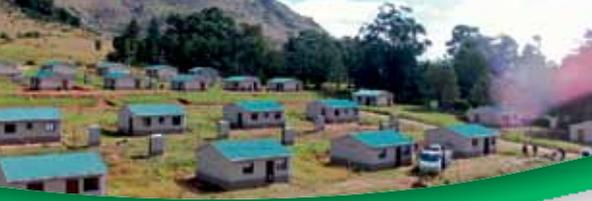
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme	Programme 2: Housing Needs, Research and Planning									
	2020/21					2019/20				
	Adjusted Appropriation R'000	Post Adjustments / 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	-	-	-	-	-	-	-	-	-	-
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	8	-	-	8	16	(8)	200.0	8	31	
Consumable: Stationery, printing and office supplies	32	-	-	32	-	32	-	21	2	
Operating leases	-	-	-	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-	-
Travel and subsistence	635	-	-	635	544	91	85.7	869	799	
Training and development	355	-	-	355	-	355	-	-	-	
Operating payments	-	-	-	-	6	(6)	-	18	-	
Venues and facilities	-	-	-	-	-	-	-	-	-	



**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2021*

Programme 2: Housing Needs, Research and Planning									
Sub-programme	2020/21					2019/20			
	Adjusted Appropriation R'000	Post Adjustments / 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
Rental and hiring	-	-	-	-	-	-	-	-	68
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>22</b>	<b>-</b>	<b>55</b>	<b>77</b>	<b>76</b>	<b>1</b>	<b>98.7</b>	<b>21</b>	<b>21</b>
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	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-



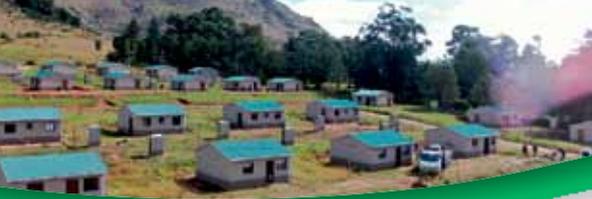
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme	Programme 2: Housing Needs, Research and Planning									
	2020/21					2019/20				
	Adjusted Appropriation R'000	Post Adjustments / 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	22	-	55	77	76	1	98.7	21	21	
Social benefits	22	-	55	77	76	1	98.7	-	-	
Other transfers to households	-	-	-	-	-	-	-	21	21	
<b>Payments for capital assets</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>38</b>	<b>(18)</b>	<b>190.0</b>	<b>16</b>	<b>11</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	-	-	-	
Other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	20	-	-	20	38	(18)	190.0	16	11	
Transport equipment	-	-	-	-	-	-	-	-	-	
Other machinery and equipment	20	-	-	20	38	(18)	190.0	16	11	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>(1,491)</b>	<b>17,143</b>	<b>16,357</b>	<b>786</b>	<b>95.4</b>	<b>17,076</b>	<b>17,076</b>	
<b>Total</b>	<b>18,634</b>	<b>-</b>	<b>(1,491)</b>	<b>17,143</b>	<b>16,357</b>	<b>786</b>	<b>95.4</b>	<b>17,076</b>	<b>17,076</b>	



**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2021*

Sub-programme: 2.1 Administration									
Economic classification	2020/21					2019/20			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>458</b>	-	-	<b>458</b>	<b>430</b>	<b>28</b>	<b>93.9</b>	<b>398</b>	<b>398</b>
Compensation of employees	438	-	-	438	423	15	96.6	398	398
Goods and services	20	-	-	20	7	13	35.0	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>458</b>	-	-	<b>458</b>	<b>430</b>	<b>28</b>	<b>93.9</b>	<b>398</b>	<b>398</b>



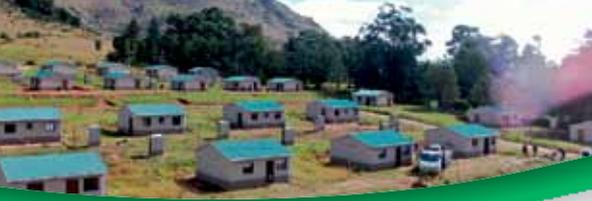
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2021

Sub-programme: 2.2 Policy											
Economic classification	2020/21						2019/20				
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000		
<b>Current payments</b>	<b>4,650</b>	-	<b>(530)</b>	<b>4,120</b>	<b>3,990</b>	<b>130</b>	<b>96.8</b>	<b>3,776</b>	<b>3,781</b>		
Compensation of employees	4,572	-	(530)	4,042	3,957	85	97.9	3,707	3,707		
Goods and services	78	-	-	78	33	45	42.3	69	74		
Interest and rent on land	-	-	-	-	-	-	-	-	-		
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>55</b>	<b>55</b>	<b>54</b>	<b>1</b>	<b>98.2</b>	<b>-</b>	<b>-</b>		
Provinces and municipalities	-	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-		
Higher education institutions	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-		
Non-profit institutions	-	-	-	-	-	-	-	-	-		
Households	-	-	55	55	54	1	98.2	-	-		
<b>Payments for capital assets</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>10</b>	<b>5</b>		
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-		
Machinery and equipment	10	-	-	10	-	10	-	10	5		
Heritage assets	-	-	-	-	-	-	-	-	-		
Specialised military assets	-	-	-	-	-	-	-	-	-		
Biological assets	-	-	-	-	-	-	-	-	-		
Land and subsoil assets	-	-	-	-	-	-	-	-	-		
Software and other intangible assets	-	-	-	-	-	-	-	-	-		
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>(475)</b>	<b>4,185</b>	<b>4,044</b>	<b>141</b>	<b>96.6</b>	<b>3,786</b>	<b>3,786</b>		
<b>Total</b>	<b>4,660</b>	<b>-</b>	<b>(475)</b>	<b>4,185</b>	<b>4,044</b>	<b>141</b>	<b>96.6</b>	<b>3,786</b>	<b>3,786</b>		



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2021

Economic classification	Sub-programme: 2.3 Planning									
	Adjusted Appropriation	Post Adjustments / 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	
<b>Current payments</b>	<b>4,283</b>	-	<b>(360)</b>	<b>3,923</b>	<b>3,764</b>	<b>159</b>	<b>95.9</b>	<b>3,292</b>	<b>3,292</b>	
Compensation of employees	4,044	-	(360)	3,684	3,662	22	99.4	3,117	3,117	
Goods and services	239	-	-	239	102	137	42.7	175	175	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>22</b>	-	-	<b>22</b>	<b>22</b>	-	<b>100.0</b>	-	-	
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	-	-	
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	-	-	-	-	-	-	-	-	-	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>4,305</b>	-	<b>(360)</b>	<b>3,945</b>	<b>3,786</b>	<b>159</b>	<b>96.0</b>	<b>3,292</b>	<b>3,292</b>	



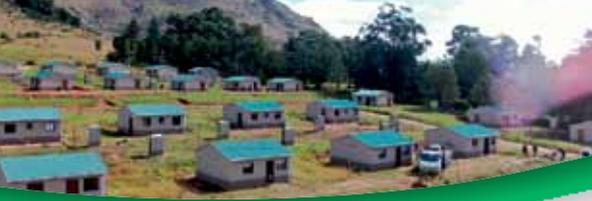
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme: 2.4 Research											
Economic classification	2020/21						2019/20				
	Adjusted Appropriation R'000	Post Adjustments / 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	Expenditure as % of final appropriation	
<b>Current payments</b>	<b>9,201</b>	-	<b>(656)</b>	<b>8,545</b>	<b>8,059</b>	<b>486</b>	<b>94.3</b>	<b>9,573</b>	<b>9,573</b>	<b>9,573</b>	
Compensation of employees	7,771	-	(200)	7,571	7,567	4	99.9	6,795	6,795	6,795	
Goods and services	1,430	-	(456)	974	492	482	50.5	2,778	2,778	2,778	
Interest and rent on land	-	-	-	-	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	<b>21</b>	<b>21</b>	<b>21</b>	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	21	21	21	
<b>Payments for capital assets</b>	<b>10</b>	-	-	<b>10</b>	<b>38</b>	<b>(28)</b>	<b>380.0</b>	<b>6</b>	<b>6</b>	<b>6</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-	
Machinery and equipment	10	-	-	10	38	(28)	380.0	6	6	6	
Heritage assets	-	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>9,211</b>	-	<b>(656)</b>	<b>8,555</b>	<b>8,097</b>	<b>458</b>	<b>94.6</b>	<b>9,600</b>	<b>9,600</b>	<b>9,600</b>	



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme	Programme 3: Housing Development									
	2020/21					2019/20				
	Adjusted Appropriation	Post Adjustments / 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	103,678	-	(2,899)	100,779	90,946	9,833	90.2	90,698	90,698	
2. Financial Interventions	392,343	-	128,814	521,157	521,157	-	100.0	515,284	515,234	
3. Incremental Interventions	1,557,872	-	(247,314)	1,310,558	1,310,558	-	100.0	1,630,788	1,544,693	
4. Social and Rental Interventions	206,705	-	(81,009)	125,696	125,696	-	100.0	119,759	119,759	
5. Rural Interventions	884,160	-	189,580	1,073,740	1,073,740	-	100.0	1,492,169	1,495,600	
<b>Total for sub-programmes</b>	<b>3,144,758</b>	<b>-</b>	<b>(12,828)</b>	<b>3,131,930</b>	<b>3,122,097</b>	<b>9,833</b>	<b>99.7</b>	<b>3,848,698</b>	<b>3,765,984</b>	
<b>Economic classification</b>										
<b>Current payments</b>	<b>310,036</b>	<b>(7,701)</b>	<b>(38,376)</b>	<b>263,959</b>	<b>249,869</b>	<b>14,090</b>	<b>94.7</b>	<b>290,791</b>	<b>280,708</b>	
Compensation of employees	199,618	-	(16,836)	182,782	177,451	5,331	97.1	180,693	180,693	
Salaries and wages	184,629	-	(16,939)	167,690	164,070	3,620	97.8	167,958	168,027	
Social contributions	14,989	-	103	15,092	13,381	1,711	88.7	12,735	12,666	
Goods and services	110,418	(7,701)	(21,540)	81,177	72,418	8,759	89.2	110,098	100,015	
Administrative fees	781	-	(233)	548	242	306	44.2	822	764	
Advertising	6,023	-	(1,196)	4,827	3,391	1,436	70.3	2,546	1,811	
Minor assets	272	-	-	272	147	125	54.0	187	200	
Audit costs: External	-	-	-	-	-	-	-	-	-	
Bursaries: Employees	-	-	-	-	-	-	-	-	-	
Catering: Departmental activities	1,407	-	(885)	522	515	7	98.7	2,871	3,137	
Communication (G&S)	1,137	-	-	1,137	936	201	82.3	913	1,088	
Computer services	-	-	-	-	-	-	-	-	-	
Consultants: Business and advisory services	13,289	(1,331)	(5,236)	6,722	4,258	2,464	63.3	8,550	14,975	
Infrastructure and planning services	40,312	-	(9,517)	30,795	33,765	(2,970)	109.6	54,132	44,588	
Laboratory services	-	-	-	-	-	-	-	-	-	
Scientific and technological services	-	-	-	-	-	-	-	-	-	
Legal services	6,894	(4,870)	(1,203)	821	415	406	50.5	3,700	796	



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme	Programme 3: Housing Development									
	2020/21					2019/20				
	Adjusted Appropriation	Post Adjustments / Shifting of funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	R'000
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Contractors	7,264	(1,500)	301	6,065	2,504	3,561	41.3	9,309	3,839	
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-	
Entertainment	-	-	-	-	-	-	-	-	-	
Fleet services	502	-	-	502	335	167	66.7	502	509	
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	14,166	-	108	14,274	13,645	629	95.6	1,471	1,075	
Consumable: Stationery, printing and office supplies	68	-	18	86	50	36	58.1	138	19	
Operating leases	-	-	-	-	-	-	-	-	-	
Property payments	7,300	-	(4,035)	3,265	3,460	(195)	106.0	6,735	6,866	
Transport provided: Departmental activity	370	-	-	370	32	338	8.6	1,000	913	
Travel and subsistence	5,542	-	338	5,880	4,792	1,088	81.5	8,972	8,847	
Training and development	2,498	-	-	2,498	2,854	(356)	114.3	5,439	4,323	
Operating payments	467	-	-	467	179	288	38.3	405	267	
Venues and facilities	-	-	-	-	-	-	-	-	140	



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme	Programme 3: Housing Development									
	2020/21					2019/20				
	Adjusted Appropriation	Post Ad-justments / 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	
Rental and hiring	2,126	-	-	2,126	898	1,228	42.2	2,406	5,858	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>2,829,800</b>	<b>7,701</b>	<b>25,533</b>	<b>2,863,034</b>	<b>2,869,662</b>	<b>(6,628)</b>	<b>100.2</b>	<b>3,545,101</b>	<b>3,472,745</b>	
Provinces and municipalities	46,353	7,701	-	54,054	104,318	(50,264)	193.0	108,939	85,974	
Provinces	-	-	-	-	-	-	-	-	-	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	
Provincial agencies and funds	-	-	-	-	-	-	-	-	-	
Municipalities	46,353	7,701	-	54,054	104,318	(50,264)	193.0	108,939	85,974	
Municipal bank accounts	46,353	7,701	-	54,054	104,318	(50,264)	193.0	108,939	85,974	
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Social security funds	-	-	-	-	-	-	-	-	-	
Departmental agencies	-	-	-	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Public corporations	-	-	-	-	-	-	-	-	-	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	
Other transfers to public corporations	-	-	-	-	-	-	-	-	-	
Private enterprises	-	-	-	-	-	-	-	-	-	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-	



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme	Programme 3: Housing Development									
	2020/21					2019/20				
	Adjusted Appropriation	Post Adjustments / 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	
Non-profit institutions	-	-	-	-	-	-	-	50	50	
Households	2,783,447	-	25,533	2,808,980	2,765,344	43,636	98.4	3,436,112	3,386,721	
Social benefits	891	-	859	1,750	1,557	193	89.0	755	950	
Other transfers to households	2,782,556	-	24,674	2,807,230	2,763,787	43,443	98.5	3,435,357	3,385,771	
<b>Payments for capital assets</b>	<b>4,922</b>	<b>-</b>	<b>15</b>	<b>4,937</b>	<b>2,566</b>	<b>2,371</b>	<b>52.0</b>	<b>12,974</b>	<b>12,519</b>	
Buildings and other fixed structures	2,000	-	-	2,000	-	2,000	-	12,376	12,376	
Buildings	2,000	-	-	2,000	-	2,000	-	-	-	
Other fixed structures	-	-	-	-	-	-	-	12,376	12,376	
Machinery and equipment	2,922	-	15	2,937	2,566	371	87.4	418	143	
Transport equipment	-	-	-	-	2,371	(2,371)	-	-	-	
Other machinery and equipment	2,922	-	15	2,937	195	2,742	6.6	418	143	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>(12,828)</b>	<b>3,131,930</b>	<b>3,122,097</b>	<b>9,833</b>	<b>99.7</b>	<b>3,848,698</b>	<b>3,765,984</b>	
<b>Total</b>	<b>3,144,758</b>	<b>-</b>	<b>(12,828)</b>	<b>3,131,930</b>	<b>3,122,097</b>	<b>9,833</b>	<b>99.7</b>	<b>3,848,698</b>	<b>3,765,984</b>	



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2021

Sub-programme: 3.1 Administration									
Economic classification	2020/21					2019/20			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>102,821</b>	-	<b>(3,736)</b>	<b>99,085</b>	<b>89,339</b>	<b>9,746</b>	<b>90.2</b>	<b>90,103</b>	<b>90,098</b>
Compensation of employees	96,738	-	(4,240)	92,498	85,630	6,868	92.6	84,681	84,681
Goods and services	6,083	-	504	6,587	3,709	2,878	56.3	5,422	5,417
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>737</b>	-	<b>822</b>	<b>1,559</b>	<b>1,485</b>	<b>74</b>	<b>95.3</b>	<b>396</b>	<b>548</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	737	-	822	1,559	1,485	74	95.3	396	548
<b>Payments for capital assets</b>	<b>120</b>	-	<b>15</b>	<b>135</b>	<b>122</b>	<b>13</b>	<b>90.4</b>	<b>187</b>	<b>40</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	120	-	15	135	122	13	90.4	187	40
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	-	-	-	-	-	-	<b>12</b>	<b>12</b>
<b>Total</b>	<b>103,678</b>	-	<b>(2,899)</b>	<b>100,779</b>	<b>90,946</b>	<b>9,833</b>	<b>90.2</b>	<b>90,698</b>	<b>90,698</b>



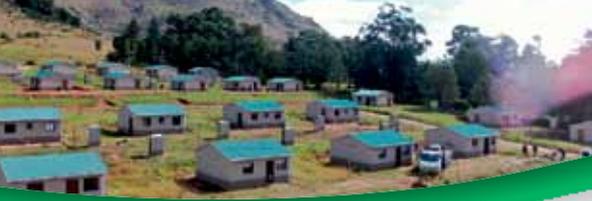
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Economic classification	Sub-programme: 3.2 Financial Interventions									
	2020/21					2019/20				
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
<b>Current payments</b>	<b>168,123</b>	-	<b>(33,400)</b>	<b>134,723</b>	<b>129,379</b>	<b>5,344</b>	<b>96.0</b>	<b>173,156</b>	<b>163,565</b>	
Compensation of employees	95,095	-	(12,559)	83,346	85,747	(2,401)	102.9	89,098	89,098	
Goods and services	72,218	-	(20,841)	51,377	43,632	7,745	84.9	84,058	74,467	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>221,789</b>	-	<b>162,214</b>	<b>384,003</b>	<b>391,705</b>	<b>(7,702)</b>	<b>102.0</b>	<b>329,521</b>	<b>339,190</b>	
Provinces and municipalities	34,813	-	-	34,813	32,714	2,099	94.0	48,589	18,137	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	50	50	
Households	186,976	-	162,214	349,190	358,991	(9,801)	102.8	280,882	321,003	
<b>Payments for capital assets</b>	<b>2,431</b>	-	-	<b>2,431</b>	<b>73</b>	<b>2,358</b>	<b>3.0</b>	<b>12,607</b>	<b>12,479</b>	
Buildings and other fixed structures	2,000	-	-	2,000	-	2,000	-	12,376	12,376	
Machinery and equipment	431	-	-	431	73	358	16.9	231	103	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>392,343</b>	-	<b>128,814</b>	<b>521,157</b>	<b>521,157</b>	-	<b>100.0</b>	<b>515,284</b>	<b>515,234</b>	



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Economic classification	Sub-programme: 3.3 Incremental Interventions									
	2020/21					2019/20				
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
<b>Current payments</b>	<b>39,092</b>	<b>(7,701)</b>	<b>(1,240)</b>	<b>30,151</b>	<b>31,151</b>	<b>(1,000)</b>	<b>103.3</b>	<b>27,532</b>	<b>27,045</b>	
Compensation of employees	6,975	-	(37)	6,938	6,074	864	87.5	6,914	6,914	
Goods and services	32,117	(7,701)	(1,203)	23,213	25,077	(1,864)	108.0	20,618	20,131	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>1,516,409</b>	<b>7,701</b>	<b>(246,074)</b>	<b>1,278,036</b>	<b>1,277,036</b>	<b>1,000</b>	<b>99.9</b>	<b>1,603,256</b>	<b>1,517,648</b>	
Provinces and municipalities	11,540	7,701	-	19,241	20,104	(863)	104.5	60,350	67,837	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	1,504,869	-	(246,074)	1,258,795	1,256,932	1,863	99.9	1,542,906	1,449,811	
<b>Payments for capital assets</b>	<b>2,371</b>	<b>-</b>	<b>-</b>	<b>2,371</b>	<b>2,371</b>	<b>-</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	2,371	-	-	2,371	2,371	-	100.0	-	-	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>1,557,872</b>	<b>-</b>	<b>(247,314)</b>	<b>1,310,558</b>	<b>1,310,558</b>	<b>-</b>	<b>100.0</b>	<b>1,630,788</b>	<b>1,544,693</b>	



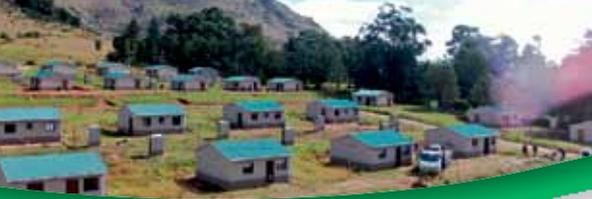
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Economic classification	Sub-programme: 3.4 Social and Rental Interventions									
	2020/21					2019/20				
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
<b>Current payments</b>	-	-	-	-	-	-	-	-	-	
Compensation of employees	-	-	-	-	-	-	-	-	-	
Goods and services	-	-	-	-	-	-	-	-	-	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>206,705</b>	-	<b>(81,009)</b>	<b>125,696</b>	<b>125,696</b>	-	<b>100.0</b>	<b>119,759</b>	<b>119,759</b>	
Provinces and municipalities	-	-	-	-	51,500	(51,500)	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	206,705	-	(81,009)	125,696	74,196	51,500	59.0	119,759	119,759	
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	-	-	-	-	-	-	-	-	-	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>206,705</b>	-	<b>(81,009)</b>	<b>125,696</b>	<b>125,696</b>	-	<b>100.0</b>	<b>119,759</b>	<b>119,759</b>	



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2021

Sub-programme: 3.5 Rural Interventions									
Economic classification	2020/21					2019/20			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>894,160</b>	-	<b>189,580</b>	<b>1,073,740</b>	<b>1,073,740</b>	-	<b>100.0</b>	<b>1,492,169</b>	<b>1,495,600</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	884,160	-	189,580	1,073,740	1,073,740	-	100.0	1,492,169	1,495,600
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>884,160</b>	-	<b>189,580</b>	<b>1,073,740</b>	<b>1,073,740</b>	-	<b>100.0</b>	<b>1,492,169</b>	<b>1,495,600</b>



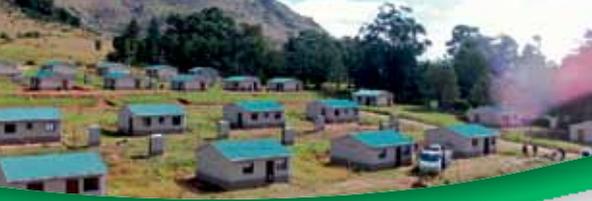
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Programme 4: Housing Asset Management, Property Management									
Sub-programme	2020/21					2019/20			
	Adjusted Appropriation	Post Adjustments / 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	45,645	-	(272)	45,373	42,193	3,180	93.0	44,606	42,534
2. Sale and Transfer of Housing Properties	41,932	-	16,743	58,675	58,675	-	100.0	66,758	64,188
3. Housing Properties Maintenance	75,700	-	(3,643)	72,057	72,057	-	100.0	139,104	139,987
<b>Total for sub-programmes</b>	<b>163,277</b>	<b>-</b>	<b>12,828</b>	<b>176,105</b>	<b>172,925</b>	<b>3,180</b>	<b>98.2</b>	<b>250,468</b>	<b>246,709</b>
<b>Economic classification</b>									
<b>Current payments</b>	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Salaries and wages	-	-	-	-	-	-	-	-	-
Social contributions	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-
Minor assets	-	-	-	-	-	-	-	-	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-	-
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-



**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2021*

Programme 4: Housing Asset Management, Property Management									
Sub-programme	2020/21					2019/20			
	Adjusted Appropriation	Post Adjustments / 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
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	-	-	-	-	-	-	-	-	-
Training and development	-	-	-	-	-	-	-	-	-



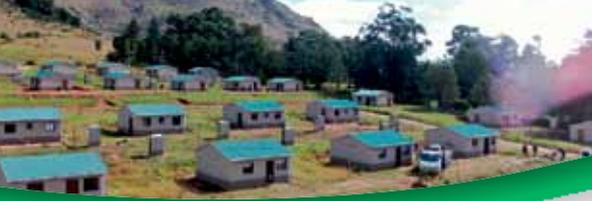
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Programme 4: Housing Asset Management, Property Management											
Sub-programme	2020/21						2019/20				
	Adjusted Appropriation	Post Adjustments / Shifting of funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	R'000	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Operating payments	-	-	-	-	-	-	-	-	-	-	-
Venues and facilities	-	-	-	-	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>163,277</b>	-	<b>12,828</b>	<b>176,105</b>	<b>172,925</b>	<b>3,180</b>	<b>98.2</b>	<b>250,468</b>	<b>245,826</b>	<b>245,826</b>	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	163,277	-	12,828	176,105	172,925	3,180	98.2	250,468	245,826	245,826	
Social security funds	-	-	-	-	-	-	-	-	-	-	-
Departmental agencies	163,277	-	12,828	176,105	172,925	3,180	98.2	250,468	245,826	245,826	
Higher education institutions	-	-	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-	-	-



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Programme 4: Housing Asset Management, Property Management									
Sub-programme	2020/21					2019/20			
	Adjusted Appropriation	Post Adjustments / Shifting of funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	<b>883</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	753
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	753
Machinery and equipment	-	-	-	-	-	-	-	-	130
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-	-	-	-	130
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>163,277</b>	-	<b>12,828</b>	<b>176,105</b>	<b>172,925</b>	<b>3,180</b>	<b>98.2</b>	<b>250,468</b>	<b>246,709</b>



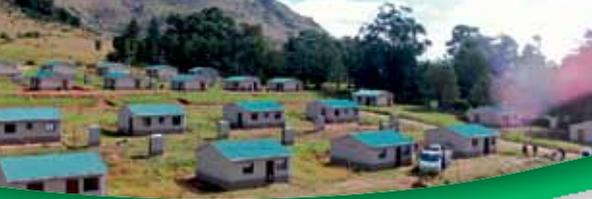
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme: 4.1 Administration									
Economic classification	2020/21					2019/20			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>45,645</b>	-	<b>(272)</b>	<b>45,373</b>	<b>42,193</b>	<b>3,180</b>	<b>93.0</b>	<b>44,606</b>	<b>42,534</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	45,645	-	(272)	45,373	42,193	3,180	93.0	44,606	42,534
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>45,645</b>	-	<b>(272)</b>	<b>45,373</b>	<b>42,193</b>	<b>3,180</b>	<b>93.0</b>	<b>44,606</b>	<b>42,534</b>



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme: 4.2 Sale and Transfer of Housing Properties									
Economic classification	2020/21					2019/20			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>41,932</b>	-	<b>16,743</b>	<b>58,675</b>	<b>58,675</b>	-	<b>100.0</b>	<b>66,758</b>	<b>64,188</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	41,932	-	16,743	58,675	58,675	-	100.0	66,758	64,188
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>41,932</b>	-	<b>16,743</b>	<b>58,675</b>	<b>58,675</b>	-	<b>100.0</b>	<b>66,758</b>	<b>64,188</b>



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

Sub-programme: 4.3 Housing Properties Maintenance									
Economic classification	2020/21					2019/20			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>75,700</b>	-	<b>(3,643)</b>	<b>72,057</b>	<b>72,057</b>	-	<b>100.0</b>	<b>139,104</b>	<b>139,104</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	75,700	-	(3,643)	72,057	72,057	-	100.0	139,104	139,104
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	<b>883</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	753
Machinery and equipment	-	-	-	-	-	-	-	-	130
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>75,700</b>	-	<b>(3,643)</b>	<b>72,057</b>	<b>72,057</b>	-	<b>100.0</b>	<b>139,104</b>	<b>139,987</b>



## **NOTES TO THE APPROPRIATION STATEMENT** **for the year ended 31 March 2021**

**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-D) to the Annual Financial Statements.

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

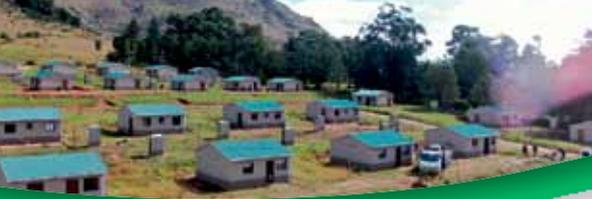
Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

**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	238,977	236,079	2,898	1.21
<p><b>Explanation of variance:</b> The under-expenditure in this programme is mainly due to the posts which were vacated during the financial year resulting from resignations and early retirements. These posts were State Accountants, Administrativ Officer, Deputy Manager: Rental Housing Tribunal, etc.</p>				
Programme 2: Housing Needs, Research and Planning	17,143	16,357	786	4.58
<p><b>Explanation of variance:</b> The under-expenditure in this programme is mainly due to the delays in the implementation of capacity building programmes such as Housing Consumer Education (HCE), various trainings, etc. as the Department is in a process of implementing a new strategy in response to the Covid-19 regulations.</p>				
Programme 3: Housing Development	3,131,930	3,122,097	9,833	0.31
<p><b>Explanation of variance:</b> The under-expenditure in this programme is mainly due to the posts which were vacated during the financial year resulting from resignations, retirements and natural attrition. These posts were Chief Director: Sustainable Human Settlements, Deputy Manager: Administration Support, Administration Officer, Control Works Inspector, Driver, etc. These posts were budgeted throughout the financial year and they are in the recruitment process.</p>				
Programme 4: Housing Asset Management, Property Management	176,105	172,295	3,180	1.81
<p><b>Explanation of variance:</b> The under-expenditure in this programme is mainly in respect of vacated posts resulting from retirement. These posts were Assistant Director, Administration Officers, etc.</p>				



**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

<b>4.2 Per economic classification</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>
<b>Current payments</b>	<b>513,655</b>	<b>498,792</b>	<b>14,863</b>	<b>2.89</b>
Compensation of employees	342,011	336,554	5,457	1.60
Goods and services	171,644	162,238	9,406	5.48
Interest and rent on land	-	-	-	-
<b>Transfers and subsidies</b>	<b>3,040,690</b>	<b>3,044,100</b>	<b>(3,410)</b>	<b>(0.11)</b>
Provinces and municipalities	54,214	104,441	(50,227)	(92.65)
Departmental agencies and accounts	176,105	172,925	3,180	1.81
Higher education institutions	-	-	-	-
Public corporations and private enterprises	-	-	-	-
Foreign governments and international organisations	-	-	-	-
Non-profit institutions	-	-	-	-
Households	2,810,371	2,766,734	43,637	1.55
<b>Payments for capital assets</b>	<b>9,810</b>	<b>4,566</b>	<b>5,244</b>	<b>53.46</b>
Buildings and other fixed structures	2,000	-	2,000	100.00
Machinery and equipment	7,810	4,566	3,244	41.54
Heritage assets	-	-	-	-
Specialised military assets	-	-	-	-
Biological assets	-	-	-	-
Land and subsoil assets	-	-	-	-
Software and other intangible assets	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,564,155</b>	<b>3,547,458</b>	<b>16,697</b>	<b>0.47</b>

**Explanation of variance:**

**Compensation of Employees**

Compensation of employees under-spent as a result of the non-filling of budgeted vacant posts such as Chief Director: Sustainable Human Settlements, Deputy Director: Administration Support, Administrative Officer, Control Works Inspector, Driver, Deputy Director: Rental Tribunal, Assistant Director: Financial Control, etc. The department will commence with the recruitment process in respect of these posts once the organisational structure is approved.



## **NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2021**

### ***Goods and Services***

Goods and services reflects under-expenditure mainly due to HDA for the management of catalytic projects, but the invoices were received late as a result of outstanding reconciliations from HDA, as the entity must provide a reconciliation of the previous payment made by the Department before the next payment can be. Also contributing to the under-spending were challenges with the appointment of a panel of conveyancers, after a dispute by one of the service providers who was unsuccessful in respect of the TDRG. There was also under-spending because there were delays in the implementation of capacity building programmes such as housing consumer education, various training programmes, etc. as the department is in the process of implementing a new training strategy in response to the Covid-19 regulations. The under-expenditure also arose from items such as travel and subsistence and catering costs as most departmental meetings were conducted virtually due to Covid-19 restrictions.

### ***Provinces and municipalities***

Provinces and municipalities reflects over-expenditure, mainly due to funds that were transferred to the eThekweni Metro in line with the existing bi-lateral agreement between the department and the Metro in relation to the Hostel Redevelopment programme. This entails the conversion of existing hostels to CRUs, as mentioned. These are mostly new built units which contribute toward the national MTSF targets as set out by the National Department of Human Settlements. A post Adjustments Estimate virement will be undertaken to offset this pressure. Also, in terms of the TDRG, funds were paid to various municipalities to assist in speeding up service delivery, as mentioned. This over-spending was marginally offset by under-spending in respect of an over-estimation for motor vehicle licences.

### ***Departmental agencies and accounts***

Departmental agencies and accounts, which comprises the KZN Housing Fund, reflects under-expenditure, mainly in respect of vacated posts resulting from retirement. These posts were Assistant Director, Administration Officers, etc.

### ***Households***

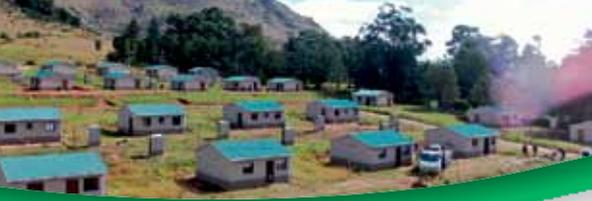
This classification relates mainly to the Human Settlements Development grant (HSDG) and was lower than budgeted mainly due to poor performance by the implementing agent for N11 Community Residential Unit (CRU) at Amajuba District. The Department issued the implementing agent with a notice of breach of contract, and advised them to submit a recovery plan. Furthermore, the uBuhlebezwe CRU experienced social issues, such as the contractor having difficulty in appointing general labourers because of the conflict between business forum and PSC, as well as with National Home Builders Regulatory Council (NHBRC) home enrolment.

### ***Buildings and other fixed structures***

Buildings and other fixed structures relates to the Social and Economic Amenities programme. This category reflects no spending at year-end due to poor performance by the contractor on the Emfihlweni and Sonkombo community hall projects.

### ***Machinery and equipment***

The under-expenditure is in respect of provision for office equipment for newly appointed staff, which was not purchased due to the non-filling vacant posts. Also contributing to the under-spending was that the budget provided for the purchase of laptops for new employees, as well as the upgrading of existing laptops and purchasing of new laptops in response to the Covid-19 pandemic as employees had to work from home. This purchase was still at procurement stage at year-end with orders placed, but delivery not occurring before year-end and a roll-over will be requested in this regard.



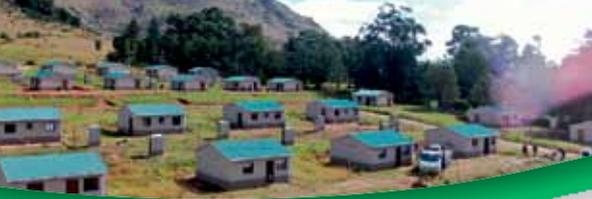
**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2021**

<b>4.3 Per conditional grant</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>
Human Settlements Development Grant	3,020,763	3,020,763	-	-
EPWP Incentive Grant	11,638	11,638	-	-
Provincial Emergency Housing Grant	86,095	86,095	-	-
Title Deeds Restoration Grant	36,740	36,740	-	-



**STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>REVENUE</b>			
Annual appropriation	1	3,564,155	4,347,832
Departmental revenue	2	5,645	21,085
<b>TOTAL REVENUE</b>		<b>3,569,800</b>	<b>4,368,917</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	336,554	334,565
Goods and services	4	162,238	188,406
Interest and rent on land	5	-	-
<b>Total current expenditure</b>		<b>498,792</b>	<b>522,971</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	7	3,044,100	3,721,070
<b>Total transfers and subsidies</b>		<b>3,044,100</b>	<b>3,721,070</b>
<b>Expenditure for capital assets</b>			
Tangible assets	8	4,566	17,253
<b>Total expenditure for capital assets</b>		<b>4,566</b>	<b>17,253</b>
Unauthorised expenditure approved without funding		-	-
Payments for financial assets	6	-	65
<b>TOTAL EXPENDITURE</b>		<b>3,547,458</b>	<b>4,261,359</b>
<b>SURPLUS FOR THE YEAR</b>		<b>22,342</b>	<b>107,558</b>
<b>Reconciliation of Net Surplus for the year</b>			
<b>Voted funds</b>			
Annual appropriation		16,697	86,473
Annual appropriation		16,697	-
Conditional grants		-	86,473
Departmental revenue	2	5,645	21,085
<b>SURPLUS FOR THE YEAR</b>		<b>22,342</b>	<b>107,558</b>



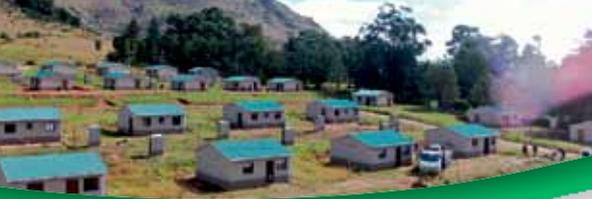
**STATEMENT OF FINANCIAL POSITION**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
		<b>59,970</b>	<b>142,580</b>
Unauthorised expenditure	9	22,826	22,826
Cash and cash equivalents	10	29,483	116,082
Receivables	12	7,661	3,672
<b>Non-current assets</b>			
		<b>157</b>	<b>126</b>
Receivables	12	157	126
<b>TOTAL ASSETS</b>		<b>60,127</b>	<b>142,706</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
		<b>60,010</b>	<b>142,623</b>
Voted funds to be surrendered to the Revenue Fund	13	16,697	140,354
Departmental revenue to be surrendered to the Revenue Fund	14	1,649	484
Payables	16	41,664	1,785
<b>TOTAL LIABILITIES</b>		<b>60,010</b>	<b>142,623</b>
<b>NET ASSETS</b>		<b>117</b>	<b>83</b>
<b>Represented by:</b>			
Recoverable revenue		117	83
<b>TOTAL</b>		<b>117</b>	<b>83</b>



**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>Recoverable revenue</b>			
Opening balance		83	142
<b>Transfers:</b>		<b>34</b>	<b>(59)</b>
Irrecoverable amounts written off		-	(43)
Debts revised		(19)	18
Debts recovered (included in departmental receipts)		(49)	(159)
Debts raised		102	125
<b>Closing balance</b>		<b>117</b>	<b>83</b>



**CASH FLOW STATEMENT**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>3,566,994</b>	<b>4,362,688</b>
Annual appropriated funds received	1.1	3,564,155	4,347,832
Departmental revenue received	2	2,801	1,538
Interest received	2.2	38	13,318
Net decrease / (increase) in working capital		35,890	(3,818)
Surrendered to Revenue Fund		(144,834)	(23,486)
Current payments		(498,792)	(519,540)
Interest paid	5	-	-
Payments for financial assets		-	(65)
Transfers and subsidies paid		(3,044,100)	(3,721,070)
<b>Net cash flow (utilised) / available by / from operating activities</b>	<b>16</b>	<b>(84,842)</b>	<b>94,709</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	8	(4,566)	(17,253)
Proceeds from sale of capital assets	2.3	2,806	6,229
(Increase) / Decrease in non-current receivables		(31)	3
<b>Net cash flows utilised by investing activities</b>		<b>(1,791)</b>	<b>(11,021)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase / (Decrease) in net assets		34	(59)
<b>Net cash flows available / (utilised) from / by financing activities</b>		<b>34</b>	<b>(59)</b>
Net (decrease) / increase in cash and cash equivalents		(86,599)	83,629
Cash and cash equivalents at beginning of period		116,082	32,453
<b>Cash and cash equivalents at end of period</b>	<b>17</b>	<b>29,483</b>	<b>116,082</b>



## **ACCOUNTING POLICIES**

### **for the year ended 31 March 2021**

#### **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.

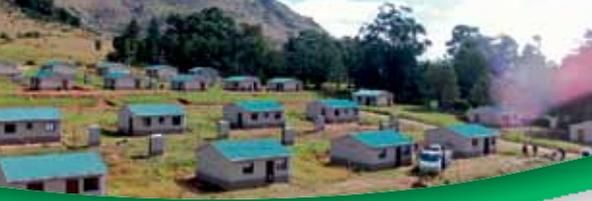
#### **7 Revenue**

##### **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.



## **ACCOUNTING POLICIES**

### **for the year ended 31 March 2021**

#### **7.2 Departmental revenue**

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

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

#### **7.3 Accrued departmental revenue**

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

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

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

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

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. Operating lease payments received are recognised as departmental revenue.

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

Operating lease payments received are recognised as departmental revenue.



## **ACCOUNTING POLICIES**

### **for the year ended 31 March 2021**

#### **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. Finance lease payments received are recognised as departmental revenue.

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.

Finance lease payments received are recognised as departmental revenue.

#### **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 performance when the department disburses the cash.

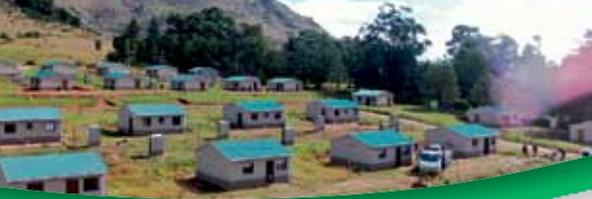
Prepayments and advances are initially and subsequently measured at cost.

#### **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.



## **ACCOUNTING POLICIES**

### **for the year ended 31 March 2021**

#### **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.

##### **16.2 Movable capital assets**

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

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

All assets acquired prior to 1 April 2004 are recorded at R1.

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

Biological assets are subsequently carried at fair value.

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



## **ACCOUNTING POLICIES**

### **for the year ended 31 March 2021**

#### **16.3 Intangible assets**

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

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

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

All assets acquired prior to 1 April 2004 are recorded at R1.

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

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

#### **16.4 Project Costs: Work-in-progress**

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

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

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

### **17 Provisions and Contingents**

#### **17.1 Provisions**

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

#### **17.2 Contingent liabilities**

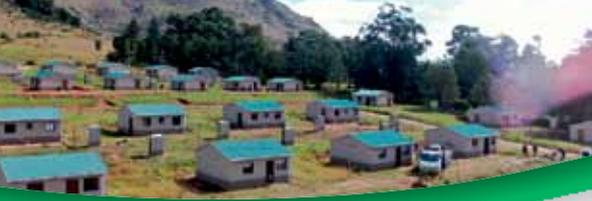
Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department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

#### **17.3 Contingent assets**

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

#### **17.4 Capital commitments**

Capital commitments are recorded at cost in the notes to the financial statements.



## **ACCOUNTING POLICIES**

### **for the year ended 31 March 2021**

#### **18 Unauthorised expenditure**

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

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

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

#### **19 Fruitless and wasteful expenditure**

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

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

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 after its assessment. 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 reduced from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.

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 estimates and errors**

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 projects done in terms of enhanced peoples housing process (EPHP). In terms of the arrangement the department is the principal and is responsible for the funding. 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 2021**

#### **24 Departures from the MCS requirements**

Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the modified cash standards, there were no departures from the said standards.

#### **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 National/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**

Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

The number of individuals and the full compensation of key management personnel 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 at no or a nominal charge, the lower of cost and current replacement value.

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

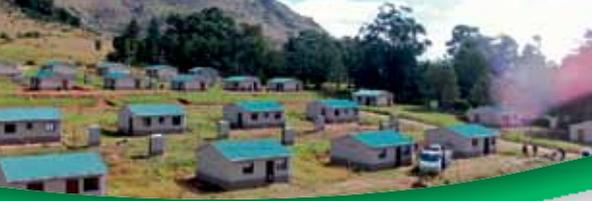
#### **30 Employee benefits**

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

#### **31 Transfers of functions**

Transfers of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.

Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.



## **ACCOUNTING POLICIES**

### ***for the year ended 31 March 2021***

#### **32 Mergers**

Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.

Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**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	2020/21			2019/20		
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received	Funds not requested/ not received
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	238,977	238,977	-	231,590	231,590	-
2. Housing Needs, Research and Planning	17,143	17,143	-	17,076	17,076	-
3. Housing Development	3,131,930	3,131,930	-	3,848,698	3,848,698	-
4. Housing Asset Management, Property Management	176,105	176,105	-	250,468	250,468	-
<b>Total</b>	<b>3,564,155</b>	<b>3,564,155</b>	<b>-</b>	<b>4,347,832</b>	<b>4,347,832</b>	<b>-</b>

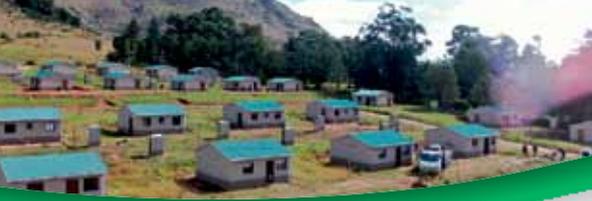
Note	2020/21 R'000	2019/20 R'000
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**1.2 Conditional grants**

Total grants received	<b>33</b>	<b>3,155,236</b>	<b>3,901,302</b>
Provincial grants included in Total Grants received		<b>86,095</b>	<b>151,243</b>

**2. Departmental revenue**

Sales of goods and services other than capital assets	<b>2.1</b>	372	415
Interest, dividends and rent on land	<b>2.2</b>	38	13,318
Sales of capital assets	<b>2.3</b>	2,806	6,229
Transactions in financial assets and liabilities	<b>2.4</b>	2,429	1,123
<b>Departmental revenue collected</b>		<b>5,645</b>	<b>21,085</b>



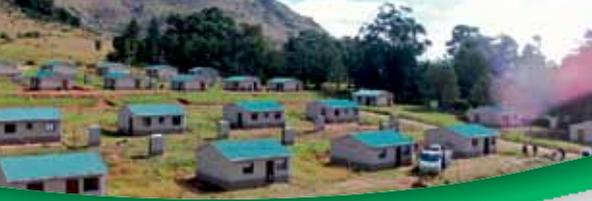
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>2.1 Sales of goods and services other than capital assets</b>			
Sales of goods and services produced by the department	2	372	381
Sales by market establishment		372	381
Sales of scrap, waste and other used current goods		-	34
<b>Total</b>		<b>372</b>	<b>415</b>
<b>2.2 Interest, dividends and rent on land</b>			
Interest	2	38	13,318
<b>Total</b>		<b>38</b>	<b>13,318</b>
In the 2019/20 financial year, interest was received from Ithala Bank relating to the Military Veterans project.			
<b>2.3 Sale of capital assets</b>			
<b>Tangible assets</b>	2	<b>2,806</b>	<b>6,229</b>
Buildings and other fixed structures	28	2,384	5,773
Machinery and equipment	28	422	456
<b>Total</b>		<b>2,806</b>	<b>6,229</b>
<b>2.4 Transactions in financial assets and liabilities</b>			
Other Receipts including Recoverable Revenue	2	2,429	1,123
<b>Total</b>		<b>2,429</b>	<b>1,123</b>
<b>3. Compensation of employees</b>			
<b>3.1 Salaries and Wages</b>			
Basic salary		234,799	230,917
Performance award		370	1,497
Service Based		17,149	17,496
Compensative/circumstantial		1,164	3,195
Periodic payments		7,265	8,292
Other non-pensionable allowances		40,382	39,606
<b>Total</b>		<b>301,129</b>	<b>301,003</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>3.2 Social contributions</b>			
<b>Employer contributions</b>			
Pension		23,008	22,516
Medical		12,245	10,957
Insurance		111	33
Bargaining council		61	56
<b>Total</b>		<b>35,425</b>	<b>33,562</b>
<b>Total compensation of employees</b>		<b>336,554</b>	<b>334,565</b>
<b>Average number of employees</b>		<b>598</b>	<b>585</b>
<b>4. Goods and services</b>			
Administrative fees		344	1,126
Advertising		5,112	3,172
Minor assets	4.1	463	603
Bursaries (employees)		349	284
Catering		563	5,243
Communication		4,685	4,848
Computer services	4.2	22,454	11,712
Consultants: Business and advisory services		4,607	15,165
Infrastructure and planning services		33,764	44,588
Legal services		1,348	1,840
Contractors		2,725	4,164
Agency and support / outsourced services		913	-
Audit cost – external	4.3	5,099	5,438
Fleet services		4,287	6,433
Consumables	4.4	16,061	3,506
Operating leases		28,541	28,665
Property payments	4.5	19,050	25,440
Rental and hiring		1,037	5,931
Transport provided as part of the departmental activities		32	955
Travel and subsistence	4.6	6,996	13,380
Venues and facilities		-	140
Training and development		2,909	4,957
Other operating expenditure	4.7	899	816
<b>Total</b>		<b>162,238</b>	<b>188,406</b>



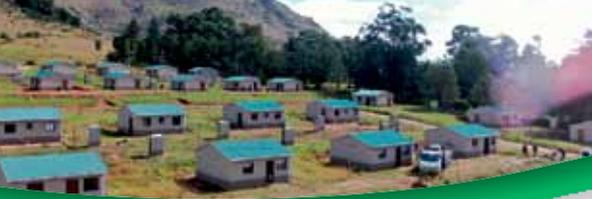
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>4.1 Minor assets</b>			
<b>Tangible assets</b>	<b>4</b>		
Machinery and equipment		463	603
<b>Total</b>		<b>463</b>	<b>603</b>
<b>4.2 Computer services</b>			
SITA computer services		8,823	7,755
External computer service providers		13,631	3,957
<b>Total</b>		<b>22,454</b>	<b>11,712</b>
<b>4.3 Audit cost – External</b>			
Regularity audits		5,099	5,438
<b>Total</b>		<b>5,099</b>	<b>5,438</b>
<b>4.4 Consumables</b>			
<b>Consumable supplies</b>		<b>15,266</b>	<b>2,612</b>
Uniform and clothing		1,788	848
Household supplies		12,843	630
Building material and supplies		420	661
IT consumables		197	386
Other consumables		18	87
<b>Stationery, printing and office supplies</b>		<b>795</b>	<b>894</b>
<b>Total</b>		<b>16,061</b>	<b>3,506</b>
<b>4.5 Property payments</b>			
Municipal services		4,492	7,288
Property maintenance and repairs		157	152
Other		14,401	18,000
<b>Total</b>		<b>19,050</b>	<b>25,440</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>4.6 Travel and subsistence</b>			
Local		6,996	13,380
Foreign		-	-
<b>Total</b>		<b>6,996</b>	<b>13,380</b>
<b>4.7 Other operating expenditure</b>			
Professional bodies, membership and subscription fees		14	40
Resettlement costs		-	38
Other		885	738
<b>Total</b>		<b>899</b>	<b>816</b>
<b>5. Interest and rent on land</b>			
Interest paid		-	-
Rent on land		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>6. Payments for financial assets</b>			
Debts written off	<b>6.1</b>	-	65
<b>Total</b>		<b>-</b>	<b>65</b>
<b>6.1 Debts written off</b>			
<b>Recoverable revenue written off</b>	<b>6</b>		
Salary related		-	33
Supplier overpayment		-	32
<b>Total</b>		<b>-</b>	<b>65</b>
<b>7. Transfers and subsidies</b>			
Provinces and municipalities	<b>Annex 1A</b>	104,441	86,069
Departmental agencies and accounts	<b>Annex 1B</b>	172,925	245,826
Non-profit institutions	<b>Annex 1C</b>	-	50
Households	<b>Annex 1D</b>	2,766,734	3,389,125
<b>Total</b>		<b>3,044,100</b>	<b>3,721,070</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**8. Expenditure for capital assets**

**Tangible assets**

Buildings and other fixed structures

Machinery and equipment

**Total**

Note	2020/21 R'000	2019/20 R'000
	<b>4,566</b>	<b>17,253</b>
Annex 6	-	13,129
28	4,566	4,124
	<b>4,566</b>	<b>17,253</b>

**8.1 Analysis of funds utilised to acquire capital assets – 2020/21**

**Tangible assets**

Buildings and other fixed structures

Machinery and equipment

**Total**

Voted funds R'000	Aid assistance R'000	Total R'000
4,566	-	4,566
-	-	-
4,566	-	4,566
<b>4,566</b>	<b>-</b>	<b>4,566</b>

**8.2 Analysis of funds utilised to acquire capital assets – 2019/20**

**Tangible assets**

Buildings and other fixed structures

Machinery and equipment

**Total**

Voted funds R'000	Aid assistance R'000	Total R'000
13,129	-	13,129
4,124	-	4,124
<b>17,253</b>	<b>-</b>	<b>17,253</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>9. Unauthorised expenditure</b>			
<b>9.1 Reconciliation of unauthorised expenditure</b>			
Opening balance		22,826	19,395
Unauthorised expenditure – discovered in current year		-	3,431
Less: Amounts approved by Legislature with funding		-	-
<b>Closing balance</b>		<b>22,826</b>	<b>22,826</b>
<b>Analysis of closing balance</b>			
Unauthorised expenditure awaiting authorisation		22,826	22,826
<b>Total</b>		<b>22,826</b>	<b>22,826</b>
<b>9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification</b>			
Current		2,495	2,495
Capital		-	-
Transfers and subsidies		20,331	20,331
<b>Total</b>		<b>22,826</b>	<b>22,826</b>
<b>9.3 Analysis of unauthorised expenditure awaiting authorisation per type</b>			
Unauthorised expenditure relating to overspending of the vote or a main division within a vote		22,826	22,826
<b>Total</b>		<b>22,826</b>	<b>22,826</b>
<b>10. Cash and cash equivalents</b>			
Consolidated Paymaster General Account		29,479	116,078
Cash on hand		4	4
<b>Total</b>		<b>29,483</b>	<b>116,082</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**11. Prepayments and advances**

**11.1 Advances paid (Expensed)**

	Amount as at 1 April 2020	Less: Received in the current year	Add: Current Year advances	Less: Claims released	Amount as at 31 March 2021
	R'000	R'000	R'000	R'000	R'000
Public entities	115,814	-	391	(17,748)	98,457
<b>Total</b>	<b>115,814</b>	<b>-</b>	<b>391</b>	<b>(17,748)</b>	<b>98,457</b>

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

	Amount as at 1 April 2019	Less: Received in the current year	Add: Current Year advances	Less: Claims released	Amount as at 31 March 2020
	R'000	R'000	R'000	R'000	R'000
Public entities	95,392	-	263,945	(243,523)	115,814
<b>Total</b>	<b>95,392</b>	<b>-</b>	<b>263,945</b>	<b>(243,523)</b>	<b>115,814</b>

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

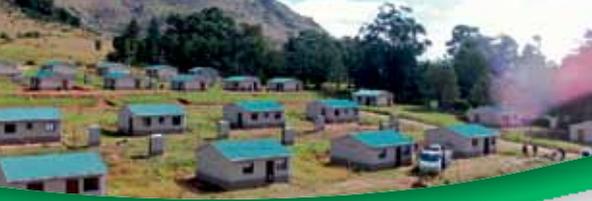
**12. Receivables**

	Note	2020/21			2019/20		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	12.1	3,383	-	3,383	397	-	397
Staff debt	12.2	14	157	171	11	126	137
Other receivables	12.3	4,264	-	4,264	2,702	-	2,702
Recoverable expenditure	12.4	-	-	-	562	-	562
<b>Total</b>		<b>7,661</b>	<b>157</b>	<b>7,818</b>	<b>3,672</b>	<b>126</b>	<b>3,798</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>12.1 Claims recoverable</b>			
Provincial departments		3,383	397
<b>Total</b>		<b>3,383</b>	<b>397</b>
<b>12.2 Staff debt</b>			
Leave without pay		5	8
Bursary		86	45
Other		80	84
<b>Total</b>		<b>171</b>	<b>137</b>
<b>12.3 Other receivables</b>			
Online Travel account		84	40
KwaZulu-Natal Housing Fund		4,076	2,639
Salary – tax debt		104	23
<b>Total</b>		<b>4,264</b>	<b>2,702</b>
<b>12.4 Recoverable expenditure</b>			
Supplier overpayment		-	562
<b>Total</b>		<b>-</b>	<b>562</b>
<b>12.5 Impairment of receivables</b>			
Estimate of impairment of receivables		73	73
<b>Total</b>		<b>73</b>	<b>73</b>
<b>13. Voted funds to be surrendered to the Revenue Fund</b>			
Opening balance		140,354	52,359
Transfer from statement of financial performance		16,697	86,473
Add: Unauthorised expenditure for current year	<b>9</b>	-	3,431
Voted funds not received	<b>1.1</b>	-	-
Paid received during the year		(140,354)	(1,909)
<b>Closing balance</b>		<b>16,697</b>	<b>140,354</b>



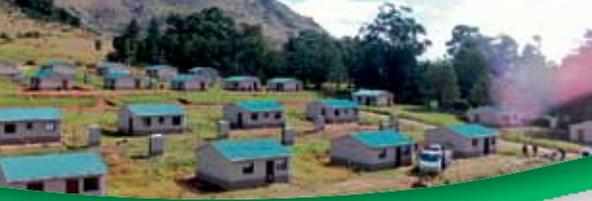
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>14. Departmental revenue to be surrendered to the Revenue Fund</b>			
Opening balance		484	976
Transfer from Statement of Financial Performance		5,645	21,085
Paid during the year		(4,480)	(21,577)
<b>Closing balance</b>		<b>1,649</b>	<b>484</b>
<b>15. Payables – current</b>			
Clearing accounts	<b>15.1</b>	359	511
Amounts owing to other entities		41,305	1,274
<b>Total</b>		<b>41,664</b>	<b>1,785</b>
<b>15.1 Clearing accounts</b>			
Salary related		357	510
Private telephone calls		2	1
<b>Total</b>		<b>359</b>	<b>511</b>
<b>16. Net cash flow (utilised) / available by / from operating activities</b>			
Net surplus as per Statement of Financial Performance		22,342	107,558
Add back non cash/cash movements not deemed operating activities		<b>(107,184)</b>	<b>(12,849)</b>
Increase in receivables – current		(3,989)	(2,072)
Increase in payables – current		39,879	1,685
Proceeds from sale of capital assets		(2,806)	(6,229)
Expenditure on capital assets		4,566	17,253
Surrenders to Revenue Fund		(144,834)	(23,486)
<b>Net cash flow (utilised) / generated by operating activities</b>		<b>(84,842)</b>	<b>94,709</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>17. Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General account		29,479	116,078
Cash on hand		4	4
<b>Total</b>		<b>29,483</b>	<b>116,082</b>
<b>18. Contingent liabilities</b>			
<b>Liable to</b>			
Claims against the department	<b>Annex 2</b>	23,893	22,729
Intergovernmental payables (unconfirmed balances)	<b>Annex 4</b>	8,346	2,863
<b>Total</b>		<b>32,239</b>	<b>25,592</b>
<p>Employees of the entity had previously received yearly cost of living wage increases in accordance with the DPSA's authorized compensation levels; however, owing to an ongoing legal disagreement between the National Treasury and labour unions, the pay increases for the 2020-21 fiscal year were not implemented. If the decision is against the entity, it may be obliged to pay back-pay to employees. The total amount cannot be established as the case is still being heard.</p>			
<b>Contingent assets</b>			
<b>Nature</b>			
Recovery of damages		2,736	2,731
<b>Total</b>		<b>2,736</b>	<b>2,731</b>
<b>19. Capital Commitments</b>			
Social Amenities		6,614	6,614
Moveable assets over R5,000		9,607	1,777
<b>Total Commitments</b>		<b>16,221</b>	<b>8,391</b>
<p>The increase in the moveable assets arose as a result of the delay in the shipment of computers due to the worldwide shortage of computer chips.</p>			



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

2020/21	2019/20
R'000	R'000

**20. Accruals and payables not recognised**

**20.1 Accruals**

**Listed by economic classification**

	30 Days	30+ Days	Total	Total
Goods and services	21,348	638	21,986	10,893
Transfers and subsidies	101,875	60,103	161,978	86,871
Capital assets	-	-	-	73
Other	6,135	-	6,315	57
<b>Total</b>	<b>129,358</b>	<b>60,741</b>	<b>190,099</b>	<b>97,894</b>

**Listed by programme level**

Programme 1: Administration	5,141	4,709
Programme 2: Housing Needs, Research and Planning	68	168
Programme 3: Housing Development	177,776	88,372
Programme 4: Housing Asset Management, Property Management	7,114	4,645
<b>Total</b>	<b>190,099</b>	<b>97,894</b>

The increase in transfers and subsidies arose as result of the change in the way we disclose outstanding project payments, see payables.

**20.2 Payables not recognised**

**Listed by economic classification**

	30 Days	30+ Days	Total	Total
Goods and services	2,843	35	2,878	150
Transfers and subsidies	87,483	-	87,483	222,390
Capital assets	-	-	-	-
<b>Total</b>	<b>90,326</b>	<b>35</b>	<b>90,361</b>	<b>222,540</b>

**Listed by programme level**

Programme 1: Administration	1,236	119
Programme 2: Housing Needs, Research and Planning	5,147	3,808
Programme 3: Housing Development	83,918	204,330
Programme 4: Housing Asset Management, Property Management	60	14,283
<b>Total</b>	<b>90,361</b>	<b>222,540</b>

The increase in transfers and subsidies arose as result of the change in the way we disclose outstanding project payments, see payables.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

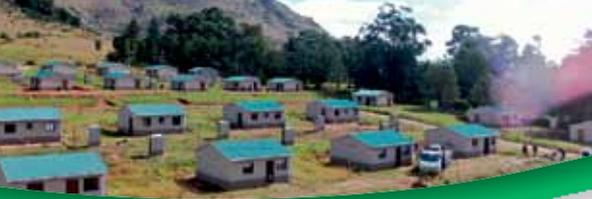
	Note	2020/21 R'000	2019/20 R'000
<i>Included in the above totals are the following:</i>			
Confirmed balances with other departments	Annex 4	9,205	21,375
Confirmed balances with other government entities		596	-
<b>Total</b>		<b>9,801</b>	<b>21,375</b>
<b>21. Employee benefits</b>			
Leave entitlement		27,951	20,783
Service bonus (Thirteenth cheque)		8,443	8,280
Performance awards		-	56
Capped leave commitments		19,088	21,600
Other		258	22
<b>Total</b>		<b>55,740</b>	<b>50,741</b>
<b>22. Lease commitments</b>			
<b>22.1 Operating leases</b>			

2020/21	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	19,160	544	19,704
Later than 1 year and not later than 5 years	-	-	6,549	13	6,562
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>25,709</b>	<b>557</b>	<b>26,266</b>

2019/20	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	21,315	1,015	22,330
Later than 1 year and not later than 5 years	-	-	25,677	535	26,212
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>46,992</b>	<b>1,550</b>	<b>48,542</b>

The Department is in occupation of 6 buildings where the leases have expired and are currently on a month to month basis.

The Department has given Public Works a needs analysis to procure new building. No provisions were made for lease commitments as there is no contractual obligations to date. The monthly rental on these 6 buildings are R781,491.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	2020/21 R'000	2019/20 R'000
Rent earned on sub-leased assets	1,612	1,388
<b>Total</b>	<b>1,612</b>	<b>1,388</b>

3 leased properties have been sub-leased to other Departments, the reason for sub-leasing is due to the fact that the leased building are currently surplus to our requirements. We are in the process of finalising the Departments structure and we will be capacitating the district offices. The rental received from sub-leasing has been off-set against lease expenditure.

**22.2 Finance leases**

2020/21	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	2,099	2,099
Later than 1 year and not later than 5 years	-	-	-	1,270	1,270
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,369</b>	<b>3,369</b>

2019/20	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	2,454	2,454
Later than 1 year and not later than 5 years	-	-	-	455	455
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,909</b>	<b>2,909</b>

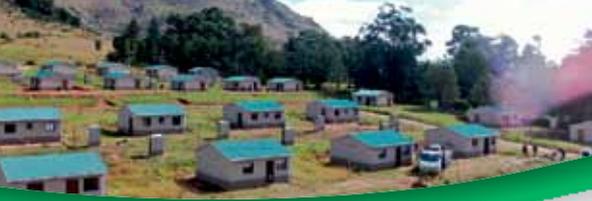
Finance lease commitments relates to cell phone contracts procured via a transversal contract.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>23. Accrued departmental revenue</b>			
Transactions in financial assets and liabilities		10,483	14,416
<b>Total</b>		<b>10,483</b>	<b>14,416</b>
<b>23.1 Analysis of accrued departmental revenue</b>			
Opening balance		14,416	14,152
Less: amounts received		(96)	(146)
Add: amounts recognised		51	410
Less: Amounts written off / reversed as irrecoverable		(3,888)	-
<b>Closing balance</b>		<b>10,483</b>	<b>14,416</b>
<b>23.2 Accrued Department revenue written off</b>			
<b>Nature of Losses</b>			
Accrued interest written back – induplum		3,888	-
<b>Total</b>		<b>3,888</b>	<b>-</b>
<b>23.3 Impairment of accrued departmental revenue</b>			
Estimate of impairment of accrued departmental revenue		3,653	3,546
<b>Total</b>		<b>3,653</b>	<b>3,546</b>

The impairment has been made against debts where no receipts were received from inception of the debt.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>24. Irregular expenditure</b>			
<b>24.1 Reconciliation of irregular expenditure</b>			
Opening balance		423,834	4,784,566
Prior period error		-	(4,342,646)
<b>As restated</b>		<b>423,834</b>	<b>441,920</b>
Add: Irregular expenditure – relating to prior year		-	-
Add: Irregular expenditure – relating to current year		-	435
Less: Prior year amounts condoned		-	(18,521)
<b>Irregular expenditure awaiting condonation</b>		<b>423,834</b>	<b>423,834</b>
<b>Analysis of awaiting condonation per age classification</b>			
Current year		-	435
Prior years		423,834	423,399
<b>Total</b>		<b>423,834</b>	<b>423,834</b>

**24.2 Prior period error**

**Nature of prior period error**

**Relating to 2018/19 (affecting the opening balance)**

	2019/20 R'000
No payments made against orders declared irregular in prior years	(183)
Department was not responsible for the transgressions in respect of SCM done at Municipalities	(4,341,246)
Condonation received from Provincial Treasury in 2015/16 was not amended	(1,217)

**Relating to 2019/20**

Department was not responsible for the transgressions in respect of SCM done at Municipalities	(585,756)
<b>Total</b>	<b>(4,928,402)</b>

Orders that were not paid were incorrectly classified as irregular, prior year transgressions were condoned by Provincial Treasury in 2015/16 were not amended and procurement done at municipalities - department is not responsible for the transgression in legislation.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	2020/21 R'000	2019/20 R'000
<b>25. Fruitless and wasteful expenditure</b>		
<b>25.1 Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance	2,205	1,110
Prior period error	-	1,264
<b>As restated</b>	<b>2,205</b>	<b>2,374</b>
Fruitless and wasteful expenditure – relating to prior year	-	-
Fruitless and wasteful expenditure – relating to current year	-	31
Less: Amounts written off	-	(200)
<b>Closing balance</b>	<b>2,205</b>	<b>2,205</b>
<b>25.2 Analysis of awaiting resolution per economic classification</b>		
Current	2,205	2,205
<b>Total</b>	<b>2,205</b>	<b>2,205</b>

**25.3 Prior period error**

**Nature of prior period error**

**Relating to 2018/19 (affecting the opening balance)**

Interest paid (relates to a payment made against an arbitration order in lieu of escalations in respect of units constructed between December 2012 to July 2015)

**Total**

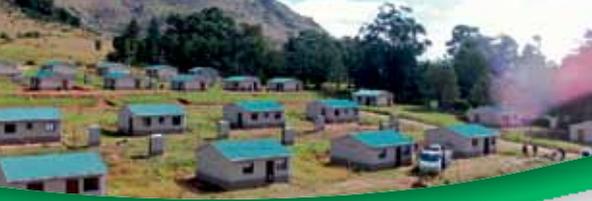
**2019/20  
R'000**

**1,264**

1,264

**1,264**

All payments in respect of escalations during the period December 2012 – July 2015 were reviewed and interest paid in 18/19 was not accounted for.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>26. Related party transactions</b>			
<b>Payments made</b>			
Goods and services		27,896	26,669
Payments for financial assets		198,936	312,322
<b>Total</b>		<b>226,832</b>	<b>338,991</b>
<b>Year end balances arising from revenue/payments</b>			
Receivables from related parties		4,076	2,639
Payables to related parties		-	-
<b>Total</b>		<b>4,076</b>	<b>2,639</b>
<b>Other</b>			
<b>Guarantees issued/received</b>			
Expenditure applicable to related party transactions: KwaZulu-Natal Housing Fund -managed by same MEC and HOD		172,925	245,825
KwaZulu-Natal Department of Public Works - same MEC		53,907	93,166
<b>Total</b>		<b>226,832</b>	<b>338,991</b>
		<b>2020/21 R'000</b>	<b>2019/20 R'000</b>
<b>In kind goods and services provided</b>			
The Department of Human Settlements provides administrative and management services to the KwaZulu-Natal Housing Fund: shared services		5,297	5,371
The Department of Human Settlements occupies 5 buildings ( 1 building for 3 months) owned by the Department of Public Works at no cost (estimated benefit to the Department)		7,564	7,239
<b>Total</b>		<b>12,861</b>	<b>12,610</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**27. Key management personnel**

	No. of Individuals	2020/21 R'000	2019/20 R'000
Officials:			
Level 15 to 16	3	3,999	3,861
Level 14	7	8,740	11,157
Family members of key management personnel		-	-
<b>Total</b>		<b>12,739</b>	<b>15,018</b>

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

**28. Movable Tangible Capital Assets**

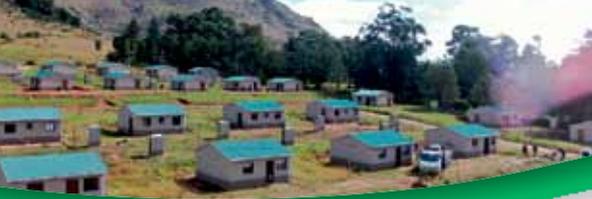
**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>61,030</b>	-	<b>4,567</b>	<b>(7,815)</b>	<b>57,782</b>
Transport assets	29,103	-	3,240	(3,769)	28,574
Computer equipment	25,296	-	935	(3,343)	22,888
Furniture and office equipment	6,355	-	392	(650)	6,097
Other machinery and equipment	276	-	-	(53)	223
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>61,030</b>	-	<b>4,567</b>	<b>(7,815)</b>	<b>57,782</b>

**Movable Tangible Capital Assets under investigation**

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	89	2,521

The Department has embarked on performing a 100% verification exercise, assets disclosed under investigation cannot be used (broken).



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**28.1 Additions**

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021**

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease pay- ments)	Received current, not paid  (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>4,567</b>	-	-	-	<b>4,567</b>
Transport assets	3,240	-	-	-	3,240
Computer equipment	935	-	-	-	935
Furniture and office equipment	392	-	-	-	392
Other machinery and equipment	-	-	-	-	-
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>4,567</b>	-	-	-	<b>4,567</b>

**28.2 Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>(1,398)</b>	<b>(6,417)</b>	<b>(7,815)</b>	<b>422</b>
Transport assets	(1,398)	(2,371)	(3,769)	422
Computer equipment	-	(3,343)	(3,343)	-
Furniture and office equipment	-	(650)	(650)	-
Other machinery and equipment	-	(53)	(53)	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>(1,398)</b>	<b>(6,417)</b>	<b>(7,815)</b>	<b>422</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**28.3 Movement for 2019/20**

**MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020**

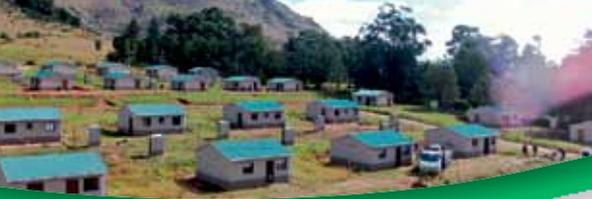
	Opening bal- ance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>61,787</b>	-	<b>4,015</b>	<b>(4,772)</b>	<b>61,030</b>
Transport assets	30,721	-	1,045	(2,663)	29,103
Computer equipment	24,729	-	2,225	(1,658)	25,296
Furniture and office equipment	6,088	-	718	(451)	6,355
Other machinery and equipment	249	-	27	-	276
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>61,787</b>	-	<b>4,015</b>	<b>(4,772)</b>	<b>61,030</b>

**28.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2021**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	7,421	-	7,421
Additions	-	-	-	440	-	440
Disposals	-	-	-	(561)	-	(561)
<b>TOTAL MINOR ASSETS</b>	-	-	-	<b>7,300</b>	-	<b>7,300</b>

	Specialised mili- tary assets	Intangible assets	Heritage as- sets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	88	-	88
Number of minor assets at cost	-	-	-	7,240	-	7,240
<b>TOTAL NUMBER OF MINOR ASSETS</b>	-	-	-	<b>7,328</b>	-	<b>7,328</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**Minor Capital Assets under investigation**

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	189	207

The Department has embarked on performing a 100% verification exercise, assets disclosed under investigation cannot be used (broken).

**Minor Assets – Movement for 2019/20**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2020**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	7,050	-	7,050
Prior period error	-	-	-	-	-	-
Additions	-	-	-	610	-	610
Disposals	-	-	-	(239)	-	(239)
<b>TOTAL MINOR ASSETS</b>	-	-	-	<b>7,421</b>	-	<b>7,421</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	3,066	-	3,066
Number of minor assets at cost	-	-	-	4,713	-	4,713
<b>TOTAL NUMBER OF MINOR ASSETS</b>	-	-	-	<b>7,779</b>	-	<b>7,779</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

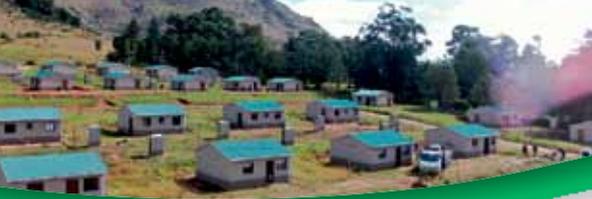
**28.5 Movable assets written off**

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2021**

	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	-	(59)	-	(4,512)	-	<b>(4,571)</b>
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>(59)</b>	<b>-</b>	<b>(4,512)</b>	<b>-</b>	<b>(4,571)</b>

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2020**

	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	-	-	-	(1,988)	-	(1,988)
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,988)</b>	<b>-</b>	<b>(1,988)</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**29. Intangible Capital Assets**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021**

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	83	-	-	(59)	24
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>(59)</b>	<b>24</b>

**DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
SOFTWARE	-	-	59	59
<b>TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>59</b>

**Movement for 2019/20**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020**

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	83	-	-	-	83
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**30. Immovable Tangible Capital Assets**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021**

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>1,133</b>	-	-	-	<b>1,133</b>
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	1,133	-	-	-	1,133
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>1,133</b>	-	-	-	<b>1,133</b>

**Additions**

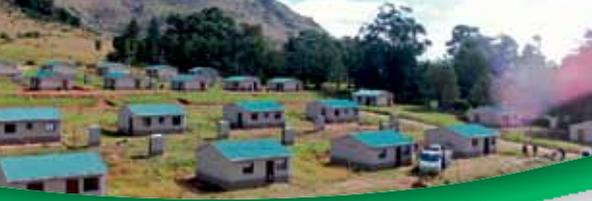
**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021**

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	-	-	-	-
Other fixed structures	-	-	-	-	-
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	-	-	-	-	-

**Disposals**

**DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021**

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-
<b>TOTAL DISPOSAL OF ITANGIBLE CAPITAL ASSETS</b>	-	-	-	-



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**30.1 Movement for 2019/20**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>380</b>	<b>-</b>	<b>753</b>	<b>-</b>	<b>1,133</b>
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	380	-	753	-	1,133
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>380</b>	<b>-</b>	<b>753</b>	<b>-</b>	<b>1,133</b>

**30.2 Capital Work-in-progress**

**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2021**

	Note	Opening balance 1 April 2020 R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing balance 31 March 2021 R'000
Buildings and other fixed structures	<b>Annex 6</b>	39,694	-	-	39,694
<b>TOTAL</b>		<b>39,694</b>	<b>-</b>	<b>-</b>	<b>39,694</b>

**AGE ANALYSIS OF ONGOING PROJECTS**

	Number of projects Planned, construction not started	Number of projects Planned, construction started	2020/21 Total R'000
0 to 1 year	-	-	-
1 to 3 year(s)	-	2	39,694
3 to 5 years	-	-	-
Longer than 5 years	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>2</b>	<b>39,694</b>

The 2 community halls as at 31 March 2021 was not completed due to time delays, they will be completed by no later than 31 March 2022.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

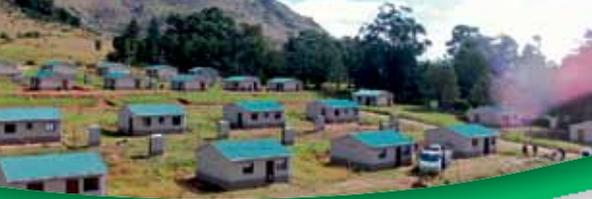
	Note	2020/21 R'000	2019/20 R'000
<b>Payables not recognised relating to Capital WIP</b>			
Social Amenities – 2 community halls		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2020**

	Note	Opening balance 1 April 2019 R'000	Prior period error R'000	Current Year WIP R'000	Ready for use (Assets to the AR) ) / Contracts terminated R'000	Closing bal- ance 31 March 2020 R'000
Buildings and other fixed structures	Annex 6	27,318	-	12,376	-	39,694
Machinery and equipment		-	-	-	-	-
Intangible assets		-	-	-	-	-
<b>TOTAL</b>		<b>27,318</b>	<b>-</b>	<b>12,376</b>	<b>-</b>	<b>39,694</b>

AGE ANALYSIS OF ONGOING PROJECTS	Number of projects Planned, construction not started	Number of proj- ects Planned, con- struction started	2019/20 Total R'000
0 to 1 year	-	-	-
1 to 3 year(s)	-	2	39,694
3 to 5 years	-	-	-
Longer than 5 years	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>2</b>	<b>39,694</b>

The 2 community halls as at 31 March 2020 was not completed due to time delays, they will be completed no later than 31 March 2021.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
<b>31. Principal-agent arrangements</b>			
<b>31.1 Department acting as the principal</b>			
Ithala DFC Limited – Military Veterans Housing Programme		-	3,000
Ithala DFC Limited – Vulindlela Housing Programme		112	2,401
Ithala DFC Limited – Storm Disaster		-	-
<b>Total</b>		<b>112</b>	<b>5,401</b>

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

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

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



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**32. Prior period errors**

**32.1 Correction of prior period errors**

	Note	Amount bef error correction	Prior period error 2019/20 R'000	Restated Amount R'000
Accruals - Approval granted to pay escalations in respect of units constructed between December 2012 – July 2015	<b>20.1</b>	11,214	86,680	97,894
Fruitless expenditure - interest paid in respect of an arbitration order in lieu of escalations relating to units constructed between December 2012 - July 2015	<b>25</b>	1,110	1,264	2,374
Irregular Expenditure – no payments made against orders declared irregular in prior years	<b>24</b>	4,784,566	(4,342,646)	441,920
Department was no responsible for the transgressions in respect of SCM undertaken at Municipalities				
Condonation received from Provincial Treasury in 2015/16 was not effected				
<b>Net effect</b>		<b>4,796,890</b>	<b>(4,254,702)</b>	<b>542,188</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**33. STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF DEPARTMENT	GRANT ALLOCATION						SPENT				2019/20	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	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	3,020,763	-	-	-	3,020,763	3,020,763	3,020,763	-	100	3,634,357	3,634,357	
Provincial Emergency Housing Grant	86,095	-	-	-	86,095	86,095	86,095	-	100	151,243	65,148	
EPWP Incentive Grant	11,638	-	-	-	11,638	11,638	11,638	-	100	15,090	15,040	
Title Deeds Restoration Grant	36,740	-	-	-	36,740	36,740	36,740	-	100	100,612	100,612	
<b>Total</b>	<b>3,155,236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,155,236</b>	<b>3,155,236</b>	<b>3,155,236</b>	<b>-</b>		<b>3,901,302</b>	<b>3,815,157</b>	

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



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

2020/21	2019/20
R'000	R'000

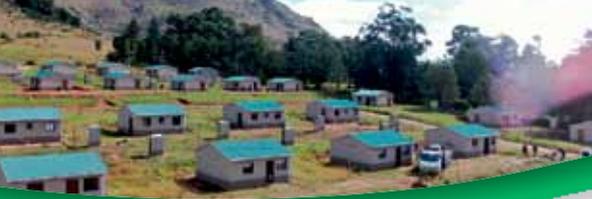
**34. Broad Based Black Economic Empowerment Performance**

Information on compliance with the B-BBEE Act is included in the Annual Report (Refer to page 98) under the section titled B-BBEE Compliance Performance Information.

**35. COVID-19 Response Expenditure**

Goods and services	15,888	534
Transfers and subsidies	92	-
Expenditure for capital assets	2,371	-
<b>Total</b>	<b>18,351</b>	<b>534</b>

The purchase of capital assets was subsequently transferred to KZN Department of Agriculture as they have been assisting the Department in sanitising the informal settlements.



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

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**

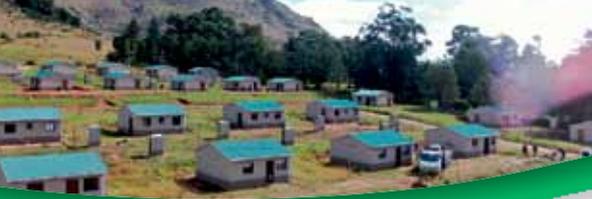
NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2019/20		
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by Municipality	Unspent funds	% of available funds spent by Municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
eThekweni	22,510	-	-	22,510	72,045	-	-	72,045	72,045	-	100	65,954	53,469
Ray Nkonyeni	3,177	-	-	3,177	786	-	-	786	786	-	100	4,520	1,081
Msunduzi	6,064	-	-	6,064	6,309	-	-	6,309	6,309	-	100	8,464	2,642
Umlalazi	-	-	-	-	-	-	-	-	-	-	-	-	590
Alfred Duma	2,493	-	-	2,493	5,064	-	-	5,064	1,127	3,937	-	3,560	1,082
Okhahlamba	-	-	-	-	100	-	-	100	-	100	-	-	619
Newcastle	5,439	-	-	5,439	5,294	-	-	5,294	4,761	533	-	7,620	437
uMhlatuze	1,706	-	-	1,706	2,334	-	-	2,334	2,334	-	100	2,396	2,109
KwaDukuza	524	-	-	524	4,295	-	-	4,295	3,340	955	-	16,046	17,916
Ulundi	-	-	-	-	100	-	-	100	100	-	100	346	346
Umdoni	-	-	-	-	500	-	-	500	-	500	-	-	236
Umgeni	-	-	-	-	242	-	-	242	242	-	-	-	-
Inkosi Langalibalele	-	-	-	-	350	-	-	350	-	350	-	-	182
Nquthu	-	-	-	-	750	-	-	750	-	750	-	-	-
Uphongolo	-	-	-	-	493	-	-	493	-	493	-	-	2,750
Abaqulusi	-	-	-	-	170	-	-	170	-	170	-	-	-
Mandeni	-	-	-	-	3,158	-	-	3,158	-	3,158	-	-	1,580
Jozini	-	-	-	-	-	-	-	-	-	-	-	-	180
Umzimkhulu	-	-	-	-	500	-	-	500	203	297	-	-	472
Greater Kokstad	4,440	-	-	4,440	1,079	-	-	1,079	335	744	-	-	250



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2019/20	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by Municipality	Unspent funds	% of available funds spent by Municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Dr Nkosazane Dlamini Zuma	-	-	-	-	200	-	-	200	-	200	-	-	-
Msinga	-	-	-	-	-	-	-	-	-	-	-	33	33
Mtubatuba	-	-	-	-	-	-	-	-	-	-	-	-	-
eMdlalangi	-	-	-	-	149	-	-	149	-	149	-	-	-
uMfolozi	-	-	-	-	200	-	-	200	-	200	-	-	-
Mthonjaneni	-	-	-	-	100	-	-	100	-	100	-	-	-
uBuhlebezwe	-	-	-	-	100	-	-	100	-	100	-	-	-
Other	160	-	-	160	123	-	-	123	-	123	-	130	95
<b>Total</b>	<b>46,513</b>	<b>-</b>	<b>-</b>	<b>46,513</b>	<b>104,441</b>	<b>-</b>	<b>-</b>	<b>104,441</b>	<b>91,582</b>	<b>12,859</b>	<b>-</b>	<b>109,069</b>	<b>86,069</b>

We hereby certify that all monies allocated to the respective Municipalities in respect of the Human Settlement Development Grant, was deposited into the Municipalities primary account. A total of R32,2 million (2019/20 – R17,577 million) was transferred to various Municipalities in respect of accreditation funding. Capital balances outstanding at various Municipalities at 31 March 2021 – R1,070 billion (2019/20 – R433,717 million).



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**Statement of transfers to departmental agencies and accounts**

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION					TRANSFER		2019/20
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Final Appro- priation R'000	
KwaZulu-Natal Fund	163,277	-	12,828	176,105	172,925	98.0	245,826	
<b>Total</b>	<b>163,277</b>	<b>-</b>	<b>12,828</b>	<b>176,105</b>	<b>172,925</b>	<b>98.0</b>	<b>245,826</b>	



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2021*

**Annexure 1C**

**Statement of transfers to non-profit institutions**

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2019/20
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Donation	-	-	-	-	-	-	50
<b>Total</b>	-	-	-	-	-	-	<b>50</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2021**

**Annexure 1D**

**Statement of transfers to households**

	TRANSFER ALLOCATION				EXPENDITURE		2019/20
	Adjusted	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
<b>HOUSEHOLDS</b>							
<b>Transfers</b>							
Project Linked	667,477	-	(11,625)	655,852	593,483	90	679,148
Individuals	19,416	-	-	19,416	19,218	99	25,495
Institutional	211,705	-	-	211,705	85,064	40	120,634
Rural Support	886,017	-	-	886,017	1,091,065	123	1,531,286
Emergency Support	522,805	-	-	522,805	548,643	105	429,819
Informal Settlements	446,849	-	-	446,849	425,587	95	354,645
Peoples Housing Process	28,287	-	-	28,287	535	2	244,673
Claims against the state	18	-	-	18	91	506	21
Other	1,271	-	832	2,103	3,048	145	3,404
<b>Total</b>	<b>2,783,845</b>	<b>-</b>	<b>(10,793)</b>	<b>2,773,052</b>	<b>2,766,734</b>		<b>3,389,125</b>

Capital balances outstanding at various entities at 31 March 2021 – R168,573 million (2019/20 – R174,942 million).

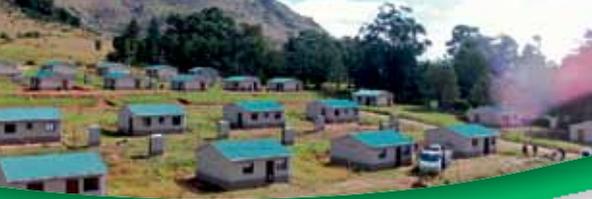


**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**Annexure 1E**

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

NATURE OF GIFT, DONATION OR SPONSORSHIP	2020/21	2019/20
	R'000	R'000
<b>Made in kind</b>		
Donation: 42 dormitory beds – Dolkies Training College for training of young adults to manufacture overalls and masks to deal with Covid-19 pandemic	92	-
Donation: OSS beneficiaries guided by COGTA's disaster management act (floods, storms and fire)	99	-
Furniture for OSS beneficiaries – MEC handover	-	28
Donation: 10 wheelchairs to OSS beneficiaries with special needs	-	43
Catering: Military Veterans Women's Month Celebration	-	25
Donation: Women of Wentworth – costs in assisting door-to-door surveys	-	50
<b>Total</b>	<b>191</b>	<b>146</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**Annexure 2**

**Statement of contingent liabilities as at 31 March 2021**

Nature of Liability	Opening Balance	Liabilities incurred	Liabilities paid /	Liabilities	Closing Balance
	1 April 2020 R'000	during the year R'000	cancelled / reduced during the year R'000	recoverable R'000	31 March 2021 R'000
<b>Claims against the department</b>					
Breach of contract	2,036	2,183	(1,019)	-	3,200
Services rendered	2,253	-	-	-	2,253
Arbitration	18,440	-	-	-	18,440
<b>Total</b>	<b>22,729</b>	<b>2,183</b>	<b>(1,019)</b>	<b>-</b>	<b>23,893</b>

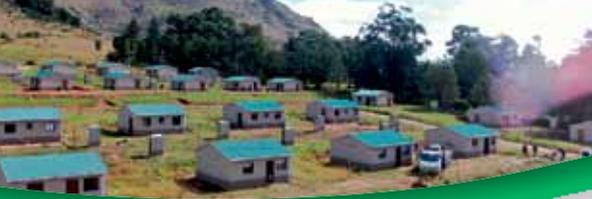


**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**Annexure 3**

**Claims recoverable**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2020/21	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Department</b>								
COGTA - KZN	1,560	373	332	605	1,892	978	-	-
Agriculture, land Reform and Rural Development – KZN	-	24	-	-	-	24	-	-
Sports and Recreation – KZN	528	-	179	357	707	357	-	-
Public Works – KZN	3	-	-	-	3	-	-	-
EDTEA – KZN	1,292	-	261	409	1,553	409	-	-
<b>Total</b>	<b>3,383</b>	<b>397</b>	<b>772</b>	<b>1,371</b>	<b>4,155</b>	<b>1,768</b>	<b>-</b>	<b>-</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2020/21	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000	end	R'000
<b>Departments</b>								
<b>Current</b>								
Transport – KZN	33	-	-	-	33	-	-	-
Justice and Constitutional Development	388	12	1	-	389	12	31/03/2021	1,119
Public Works – KZN	4,501	21,275	8,340	2,857	12,841	24,132	-	-
Government Printing Works	-	12	5	6	5	18	-	-
Agriculture and Rural Development – KZN	4,283	-	-	-	4,283	-	-	-
Treasury – KZN	-	74	-	-	-	74	-	-
Health – KZN	-	2	-	-	-	2	-	-
<b>Sub-total</b>	<b>9,205</b>	<b>21,375</b>	<b>8,346</b>	<b>2,863</b>	<b>17,551</b>	<b>24,238</b>	<b>-</b>	<b>-</b>
<b>Other Government Entity</b>								
<b>Current</b>								
Sita Soc Ltd	596	-	-	-	596	-	-	-
<b>Sub-total</b>	<b>596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>596</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>9,801</b>	<b>21,375</b>	<b>8,346</b>	<b>2,863</b>	<b>18,147</b>	<b>24,238</b>	<b>-</b>	<b>-</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**Annexure 5**

**Inventories**

Inventories	2020/21 R'000	2019/20 R'000
Opening balance	1,482,903	1,467,909
Add: Adjustments to prior year balance	(998,725)	-
Add: Purchases - Cash	1,694,580	2,809,773
Less: Issues (completed units)	(1,671,892)	(2,794,779)
<b>Closing balance</b>	<b>506,866</b>	<b>1,482,903</b>

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

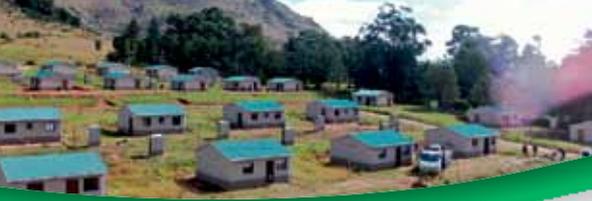
The milestones are, namely:

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

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

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

Prior year adjustment to opening balance arose as a result of duplications in the project payments report of HSS.



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**Annexure 6**

**Movement in capital work in progress**

**MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2021**

	Opening balance R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>39,694</b>	-	-	<b>39,694</b>
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	39,694	-	-	39,694
<b>TOTAL</b>	<b>39,694</b>	-	-	<b>39,694</b>

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

Owing to various challenges, the contract has been extended for time only and should be completed, by no later than 31 March 2022.

**MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2020**

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>27,318</b>	-	<b>12,376</b>	-	<b>39,694</b>
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	27,318	-	12,376	-	39,694
<b>TOTAL</b>	<b>27,318</b>	-	<b>12,376</b>	-	<b>39,694</b>

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

Owing to various challenges, the contract has been extended for time only and should be completed, by no later than 31 March 2021.



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2021**

**Annexure 7**

**Department of Human Settlements housing related expenditure classification**

	2020/21	2019/20
	R'000	R'000
<b>Inventories</b>		
Assets for distribution	815,437	-
<b>Transfers and subsidies</b>		
Provinces and Municipalities	2,032,199	-
Public corporations and private enterprises (Ithala EPHP)	391	-
Non-profit institutions (Utshani Fund EPHP)	144	-
Households	19,218	-
Subtotal	<b>2,051,952</b>	-
<b>TOTAL</b>	<b>2,867,389</b>	-

**Capital commitments**

	2020/21	2019/20
	R'000	R'000
Social Amenities	6,614	-
<b>Total</b>	<b>6,614</b>	-

**Inventories:** housing projects were the department procured the services of the implementing agent.

**Transfers and subsidies:** housing projects were the municipalities procured the services of the implementing agent procured the services of the implementing agent and other housing related expenditure.

**Social amenities:** no payments were made in respect of social amenities – 20/21.

## Annexure 8

## Covid-19 response expenditure

## Per quarter and in total

Expenditure per economic classification	2020/21				2019/20 Total R'000
	Q1	Q2	Q3	Q4	
	R'000	R'000	R'000	R'000	
<b>Goods and services</b>	<b>1,303</b>	<b>13,315</b>	<b>649</b>	<b>621</b>	<b>15,888</b>
Consultants and professional services: Business and advisory services	-	435	272	431	1,138
Contractors	137	53	3	-	193
Consumable supplies	1,148	12,827	214	132	14,321
Property payments	18	-	106	112	236
Minor Assets	-	-	54	(54)	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>92</b>
H/H: Other Transfers (cash)	-	92	-	-	92
<b>Expenditure for capital assets</b>	<b>-</b>	<b>2,371</b>	<b>-</b>	<b>-</b>	<b>2,371</b>
Other machinery and equipment	-	2,371	-	-	2,371
<b>TOTAL COVID 19 RESPONSE EXPENDITURE</b>	<b>1,303</b>	<b>15,778</b>	<b>649</b>	<b>621</b>	<b>18,351</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2021





**KWAZULU-NATAL PROVINCE**

**HUMAN SETTLEMENTS**  
REPUBLIC OF SOUTH AFRICA

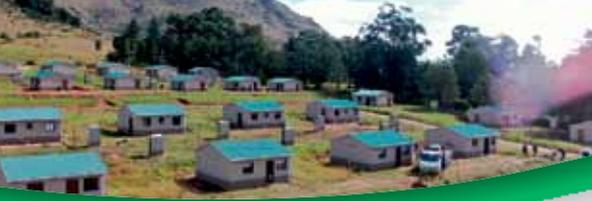
# **PART F**

## **FINANCIAL INFORMATION**

### **KWAZULU-NATAL HOUSING**

#### **FUND**





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

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the KwaZulu-Natal (KZN) Housing Fund set out on pages 255 to 280, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as 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 KZN Housing Fund as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the KZN Housing Fund in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other 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 impairment

7. As disclosed in note 6 of the financial statements a material impairment of receivables from exchange transactions amounting to R54 million (R 73,1 million) was recognised as recoverability of these amounts was doubtful.



## Responsibilities of the accounting officer for the financial statements

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

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

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

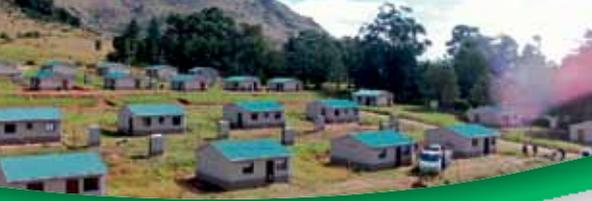
### Report on the audit of the annual performance report

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

### Report on the audit of compliance with legislation

#### Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the fund's compliance with specific matters in key legislation.
14. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.



## Other information

15. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
16. My opinion on the financial statements and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
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 have obtained up to the date of this auditor's report is the accounting officer's report and MEC (member of the executive council) foreword. The audit committee's report is expected to be available to me after 31 July 2021.
19. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.
20. When I do receive and read the audit committee's report, if I conclude that there is a material misstatement therein, 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. There are two internal investigations conducted by the fund covering the 2018-2019 period relating to allegations of an employee allocating houses to their relatives and another where the employee is seconded to a trade union. One case was concluded and a criminal case of fraud, theft and corruption was opened and further handed over to the state attorney.

*Auditor-General*

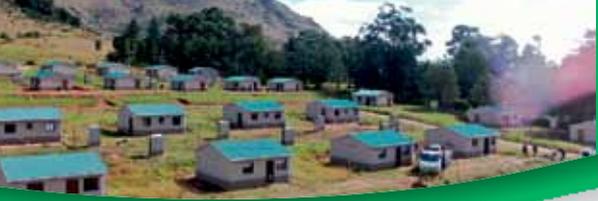
Pietermaritzburg

30 July 2021



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## Annexure – Auditor-general’s responsibility for the audit

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

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the funds’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 relating to events or conditions that may cast significant doubt on the ability of the KZN Housing Fund 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 my 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 fund to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

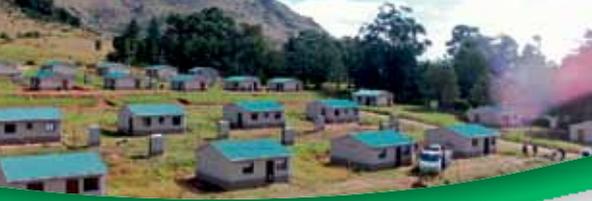
### Communication with those charged with governance

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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



## GENERAL INFORMATION

<b>NAME</b>	KwaZulu-Natal Housing Fund
<b>PHYSICAL ADDRESS</b>	Old Mutual Building 203 Church Street Pietermaritzburg 3201
<b>POSTAL ADDRESS</b>	Private Bag X9157 Pietermaritzburg 3201
<b>Legal Form</b>	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)
<b>Jurisdiction</b>	Province of KwaZulu-Natal
<b>Entities operations and principal activities</b>	Is to maintain the properties that are owned by the KwaZulu-Natal Housing Fund; Is to dispose of its properties, by: Promoting home ownership in term of the Enhanced Extended Discount Benefit scheme (EEDBS); and Devolving properties in terms of the Housing Act, 1997 (Act, 107 of 1997).
<b>Legislation governing the entity's operations</b>	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).
<b>Controlling Entity</b>	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 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.

The sub-programmes under this programme are as follows:

- Administration;
- Sale and transfer of housing properties; and
- Housing properties maintenance.

### Outcomes, outputs, output indicators, targets and actual achievements

Programme 4 strives to achieve 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:

In eThekweni there are R293 Townships that are affected by unresolved land legal and beneficiary related issues 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.



**Programme 4: Housing Asset Management, Property Management (Quarter 1 Achievement against 2020/21 Original APP Target)**

Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Security of Tenure	Properties transferred	Number of Pre-1994 title deeds issued	779	875	626	14,666	14	(14,652)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Backlog at Deeds Office to process registrations and update their records resulting from: 1. Closure of Deeds Office due to COVID-19 Lockdown 2. Skeleton staff at Deeds Office, State Attorney, Conveyancer offices and at eThekweni Metro after the easing of COVID-19 restrictions.
Improved Security of Tenure	Sale agreed finalized with beneficiary	Number of rental units sold to beneficiaries	232	239	442	300	3	(297)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	1. During COVID-19 Lockdown, all work was restricted to the administrative processing of documents collected. 2. Closure of Deeds office due to COVID-19 Lockdown resulted in the delay in registering of the 3 sectionalised schemes in Austerville.
Adequate housing and improved quality living environment	Units maintained	Number of units maintained	968	1,030	1,129	500	6	(494)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Unrevised



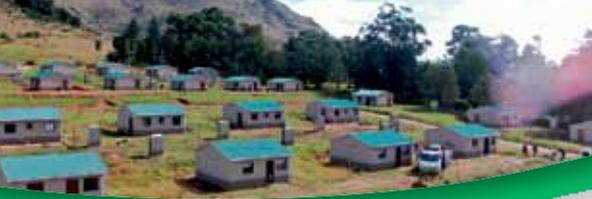
**Programme 4: Housing Asset Management, Property Management (Quarter 1 Achievement against 2020/21 Original APP Target)**

Outcome	Output	Performance Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021 Until Date Of Re-Tabling	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Adequate housing and improved quality living environment	Units rectified	Number of units rectified for Pre-1994 stock	669	480	682	520	104	(416)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Halt in construction activity due to COVID-19 Lockdown during the months of April and May affected the rectification of housing units. Budget was also reduced due to Covid-19.
Adequate housing and improved quality living environment	Land Parcels devolved to Municipalities for human settlements development	Number of Land Parcels devolved to Municipalities in terms of Section 15 of the Housing Act, 1997	-	18	44	100	-	(100)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	1. The State Attorney's office indicated capacity challenges due to COVID-19 Lockdown. 2. Matters lodged at the Deeds office have been backlogged due to the COVID-19 Lockdown period.
Improved Good Governance	Reduction of debtors in system	Number of debtors reduced per financial year	222	405	232	400	58	(342)	Target was not achieved due to COVID-19 Lockdown. Target was revised.	Due to the COVID-19 Lockdown access to assist beneficiaries to complete documents and collect them was restricted.



**Programme 4: Housing Asset Management, Property Management (Quarter 2 – Quarter 4, Achievement against 2020/21 Re-tabled APP Target)**

Outcome	Output	Output Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations
Improved Security of Tenure	Properties transferred	Number of Pre-1994 title deeds issued	779	875	626	2,002	490	(1,512)	Due to the Covid-19 Lockdown Regulations some of the Title Deeds Registration Programme (TRP) activities as well as milestones were drastically affected. For an example, beneficiary verification only started towards the end of November 2020. As a result, instructions could not be given to conveyancers to undertake transfers. The target for Pre-94 municipal stock was 3661 and for Pre-94 departmental stock was 250 - of which 266 transfers were achieved.
Improved Security of Tenure	Sale agreement finalized with beneficiary	Number of rental units sold to beneficiaries	232	239	442	200	164	(36)	The resistance by the community of Austerville to accept ownership through sectional title schemes resulted in the quarterly target not being met. This was further exacerbated by the COVID pandemic which limited officials from being able to freely visit tenants physically to convince them to accept ownership and sign sale agreements.
Adequate housing and improved quality living environment	Units maintained	Number of units maintained	968	1,030	1,129	500	438	(62)	The target was not achieved due to the Covid pandemic and the national lockdown during which time the in-house teams were not available and which prevented service providers from being able to freely move around to attend to maintenance works.



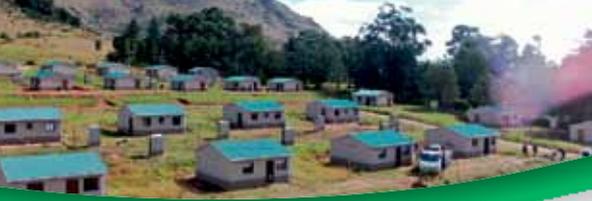
**Programme 4: Housing Asset Management, Property Management (Quarter 2 – Quarter 4, Achievement against 2020/21 Re-tabled APP Target)**

Outcome	Output	Output Indicator	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Actual Achievement 2019/2020	Planned Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement for 2020/2021	Comment on deviations
Adequate housing and improved quality living environment	Units rectified	Number of units rectified for Pre-1994 stock	669	480	682	350	112	(238)	The target was not achieved largely due to the Covid-19 pandemic and the national lockdown which caused contractors to be off site for extended periods of time - thus losing valuable man-hours.
Adequate housing and improved quality living environment	Land Parcels devolved to Municipalities for human settlements development	Number of Land Parcels devolved to Municipalities in terms of Section 15 of the Housing Act, 1997	-	18	44	60	12	(48)	The target was not achieved largely due to the Covid-19 pandemic and the national lockdown which resulted in the multiple closure of offices at the Department, at Conveyancers and at the Deeds Office.
Improved Good Governance	Reduction of debtors in system	Number of debtors reduced per financial year	222	405	232	250	487	237	The target was exceeded due to the devolution of Erf 3356 PMB to the Msunduzi Municipality, resulting in the reduction of 335 debtor accounts.



**Progress on Institutional Response to the COVID-19 Pandemic**

BUDGET PROGRAMME	BUSINESS UNIT	INTERVENTION	GEOGRAPHIC LOCATION	NO. OF BENEFICIARIES	2020/21 BUDG-ET ALLOCATION	2020/21 BUDGET SPENT	CONTRIBUTION TO APP	IMMEDIATE OUTCOMES
4	Social Housing Unit	Sanitization of densely populated settlements.	7 KZN Districts	Estimated Beneficiaries Per Settlement: Dalton Hostel- 2,455 Klaarwater CRU- 15,610 Thokoza CRU-1,444 Esikhaleni Hostel- 890 East Street Hostel- 942 Inkanyezi Hostel (Co-lenso)- 960 Khwezi Hostel- 1,095 Steadville Hostel- 1,430 Nkongolwane Hostel- 1,340 Bhekuzulu Hostel- 500 Enhlalakahle Hostel- 672 Shakaville Hostel- 2,190 TOTAL - 29,528	R60 000 000,00	R16 791 000,00	It's located within the ISUP programme under the interventions to improve the livelihood of beneficiaries.	Reducing the spread of the virus in dense settlements.



## **Strategy to overcome areas of under performance**

### **Property Management**

The Lodging Agents of the State Attorney's Office are being utilised to fast track the registration of unregistered sectional title schemes and the transfer of sold units to qualifying beneficiaries.

Underlying land issues including the non - issuing of required certification by municipalities and beneficiary issues caused under-delivery in the issuing of title deeds. The land issues are being resolved where affected land will be transferred to the relevant authority for further individual transfers to take place. A database of social facilitators; stage 1 professionals has been appointed to address critical areas which inhibit the attainment of the desired outcome.



## 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 receives all its funding from the 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 2025) of the KwaZulu-Natal Housing Fund and to transfer all its assets and liabilities to the KwaZulu-Natal Department of Human Settlements.

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

#### Scopa resolutions

The following Scopa resolution was applicable to the KwaZulu-Natal Housing Fund:

**Resolution 35/2020: KZN Housing Fund-** material impairment of receivables from exchange transactions (R77.88 million) (relating to Resolution 32/2019)

#### Noting:

The steps taken by the Department to recover the outstanding debts and to write-off irrecoverable debts.

#### The committee resolves:

That the Accounting Office provide a report by 12 August 2020 on the progress made in the reduction of outstanding debts and the sale and transfer of properties to the occupants thereof.

#### Departmental Response

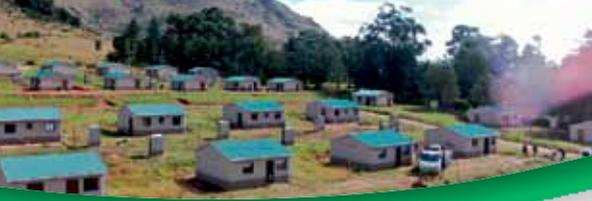
Most debtors are either low income earners or pensioners or indigent, and a minority of debtors earn above the threshold (owing to the effluxion of time). Application of the EEDBS policy (National policy) will result in most of the debtors qualifying for a 100% write-off. The debtors above the threshold will qualify for EEDBS discounts as per their salary threshold. Where debtors have settlement balances owing to the Department (after the application of the EEDBS discounts and write-offs), these amounts are either collected or further written-off (in terms of the PFMA), in order to commence the transfer of ownership of the property to the beneficiary.

As a result of the above, the Housing Fund makes a provision of 95% of its debtor balances, which it deems to be irrecoverable (owing to the fact that the EEDBS policy allows for 100% write-offs).

The KZN Housing Fund is aggressively promoting home ownership ensuring that the occupants have tenure. During the 2019/2020 financial year, 416 properties, belonging to the Housing Fund, were transferred to qualifying beneficiaries, 442 tenants signed sale agreements and 232 debtor balances were reduced to zero.

The reason for the increase in the discounts offered by the State, is that the State wants to dissolve the Housing Funds sooner rather than later, in order to re-direct funds to new human settlement projects.

In the interim, the KZN Housing Fund is also rehabilitating some of the units prior to transfer being effected.



During the 2019/2020 financial year, 682 Pre-1994 properties (belonging to the Housing Fund and to Municipalities) were rectified.

The KZN Housing Fund also undertook an education drive on the advantages of home ownership and the functioning of sectional title schemes within the Shallcross and Austerville areas.

### **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**

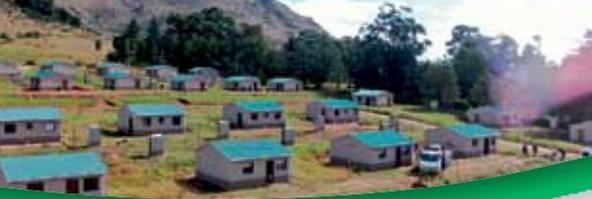
The attached annual financial statements set out in pages 255 to 280 have been approved by the Accounting Officer.

\_\_\_\_\_  
**Mr. M. O. S. Zungu**  
**Accounting Officer**  
**KwaZulu-Natal Housing Fund**  
**Date: 31 July 2021**



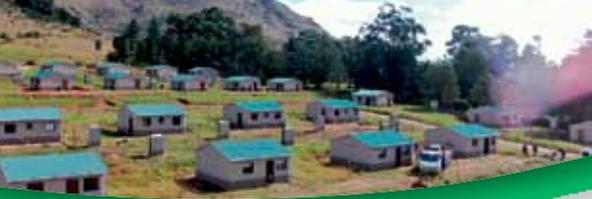
**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Note</b>	<b>2020/21 R'000</b>	<b>2019/20 R'000 Restated</b>
REVENUE	<b>2</b>	9 023	14 816
OTHER REVENUE	<b>3</b>	192 014	249 897
<b>TOTAL REVENUE</b>		<b>201 037</b>	<b>264 713</b>
EXPENDITURE	<b>4</b>	372 809	448 415
<b>NET DEFICIT FOR THE PERIOD / YEAR</b>		<b>(171 772)</b>	<b>(183 702)</b>
TRANSFERRED TO ACCUMULATED FUNDS		171 772	183 702
		<b>-</b>	<b>-</b>



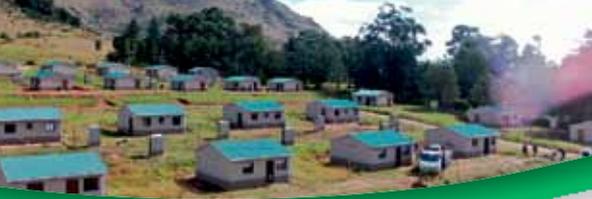
**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2020/21 R'000	2019/20 R'000 Restated
<b>ASSETS</b>			
<b>Current assets</b>			
		<b>10 424</b>	<b>11 542</b>
Inventory	4.5 / 18	2 241	2 336
Receivables from Exchange Transactions	6	2 844	3 796
Receivables from Non-Exchange Transactions	7	5 339	5 410
<b>Non-current assets</b>			
Land and Buildings	5 / 16	545 859	761 399
<b>TOTAL ASSETS</b>		<b>556 283</b>	<b>772 941</b>
<b>LIABILITIES</b>			
<b>Current liability</b>			
		<b>11 387</b>	<b>21 719</b>
Payables from Exchange Transactions	8	7 311	19 080
Payables from Non-Exchange Transactions	9 / 17.2	4 076	2 639
<b>TOTAL LIABILITY</b>		<b>11 387</b>	<b>21 719</b>
<b>NET ASSETS</b>		<b>544 896</b>	<b>751 222</b>
<b>Represented by:</b>			
		<b>544 896</b>	<b>751 222</b>
Accumulated Funds	16	20 613	22 698
Non - Distributable Reserve	16	524 283	728 524
<b>TOTAL</b>		<b>544 896</b>	<b>751 222</b>



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2020/21 R'000	2019/20 R'000 Restated
<b>CASH FLOW UTILISED FOR OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Debtors			
- Sold		370	689
- Rental		179	383
- Individual Loan		-	1
- Refunds: debtors with credit balances		-	(14)
- (Increase) / Decrease in clearing accounts	6.1	(52)	53
- Increase in Department of Human Settlements	9	1 439	1 124
- Transfers received from Department of Human Settlements	3	172 925	245 825
<b>Expenditure</b>			
Payments			
- Commission on post office receipts	4	(6)	(20)
- Funded by Department of Human Settlements	3		
- Employee costs		(39 445)	(39 863)
- Goods and services		(52 011)	(51 057)
- Financial transactions		-	(47)
- Transfers and subsidies		(81 469)	(154 858)
- Rates written off - (EEDBS)		(196)	(76)
- Recoverable rates		(1 734)	(2 140)
<b>Net cash flows from operating activities</b>	<b>11</b>	<b>-</b>	<b>-</b>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>-</b>	<b>-</b>



**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 31 MARCH 2021**

**Accumulated Funds**

	<b>Note</b>	<b>Revaluation Reserve R'000</b>	<b>Accumulated Surplus R'000</b>	<b>Total Net Assets R'000</b>
<b>Balance at 31 March 2019</b>		<b>773 808</b>	<b>40 547</b>	<b>814 355</b>
Fundamental error - adjustment to properties				
- adjustment for revaluation - reversal of duplicate property		(580)	-	(580)
- adjustment for depreciation - conversion to SS		-	5 472	5 472
- adjustment for depreciation - conversion to SS		5 472	(5 472)	-
- adjustment for revaluation - reversal of duplicate property		(244)	(46)	(290)
- adjustment for depreciation - duplicate property		-	58	58
- adjustment for depreciation - duplicate property		47	(47)	-
<b>Balance at 31 March 2019 (restated)</b>		<b>778 503</b>	<b>40 512</b>	<b>819 015</b>
Transfer of receipts from closed debtor accounts		-	2	2
Net deficit for the year transferred from statement of financial performance		-	(183 702)	(183 702)
		(49 979)	165 886	115 907
Revaluation adjustment		102 014	-	102 014
Take-on of new properties		11 321	-	11 321
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve	<b>13</b>	(14 116)	14 116	-
Impairments reversed - current year	<b>5</b>	2 572	-	2 572
Transfer of revaluation reserve realised on sale of properties	<b>13</b>	(151 770)	151 770	-
<b>Balance at 31 March 2020 (restated)</b>		<b>728 524</b>	<b>22 698</b>	<b>751 222</b>
Transfer of unallocated balances from LI and PO suspense accounts		-	22	22
Transfer of receipt paid into Departments bank account		-	(71)	(71)
Net surplus for the year transferred from statement of financial performance		-	(171 772)	(171 772)
Revaluation adjustment		(35 203)	-	(35 203)
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve	<b>13</b>	(8 660)	8 660	-
Impairments reversed - current year	<b>5</b>	698	-	698
Transfer of revaluation reserve realised on sale of properties	<b>13</b>	(161 076)	161 076	-
<b>Balance at 31 March 2021</b>		<b>524 283</b>	<b>20 613</b>	<b>544 896</b>



## 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 not surrendered to the Provincial Revenue Fund.

##### 1.5.2 Revenue recognition

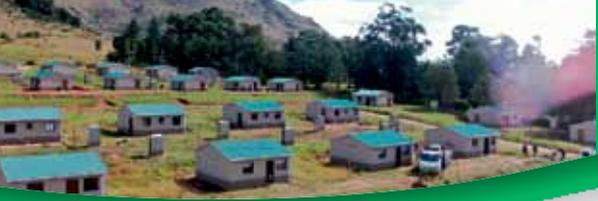
###### Receivables from exchange transactions

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

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

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

### **1.11 Irregular expenditure**

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

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

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

Assets

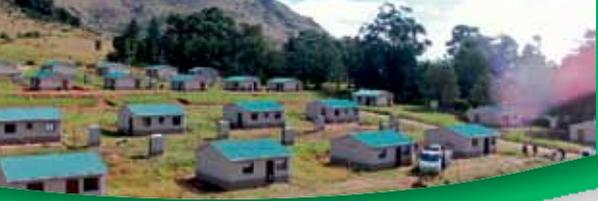
### **1.12 Property, plant and equipment**

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

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

#### **Initial recognition**

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



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

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

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

**Subsequent measurement – Revaluation model**

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

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

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

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

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

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

**Depreciation**

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

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

	<b>Years</b>
Land	0
Buildings	30

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

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



estimate.

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

### **De-recognition**

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

### **1.13 Prepayments and advances**

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

### **1.14 Receivables and prepayments**

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

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

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

## **Liabilities**

### **1.15 Current Liabilities**

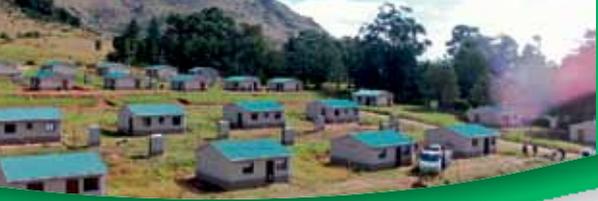
#### **Financial liabilities**

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived. An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability. Accounting Policies Western Cape Government: Western Cape Housing Development Fund Annual Financial Statements for the year ended 31 March 2016 40 The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### **Payables from exchange transactions**

#### **Accruals and payables**

Accruals and payables are recognised and recorded in the annual financial statements when the goods are received or, in the case of services, when they are rendered to the fund or in the case of transfers and subsidies when they



are due and payable.

Accruals and payables recognized, are measured at cost.

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

### **Payables from non-exchange transactions**

The KwaZulu-Natal Housing fund does not have its own bank account, all cash transactions are done via the Department of Human Settlements bank account.

### **1.16 Contingent liabilities**

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

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

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

**Contingent liabilities are included in the notes.**

### **1.17 Commitments**

Commitments represent commitments applicable to the housing fund's rectification commitments that have been contracted for, but where no delivery has taken place at the reporting date.

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

### **1.18 Employee benefits**

#### **Short term employee benefits**

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

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, 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**

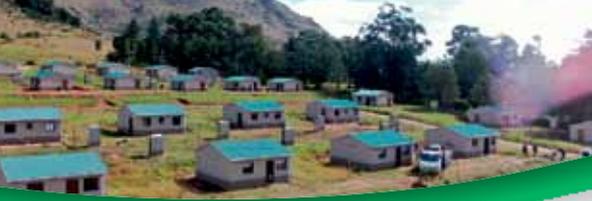
Accumulated Funds comprise amounts recognised as receivables and other assets raised.

#### **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.



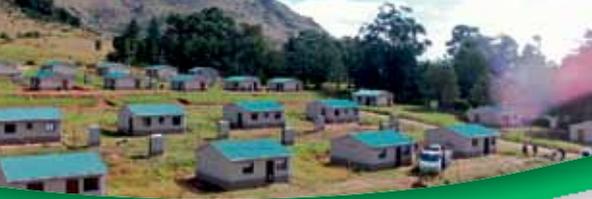
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2020/21 R'000	2019/20 R'000 Restated
<b>2 Revenue</b>			
<b>Revenue from exchange transactions</b>			
Admin fees received - individual loan debtors		-	-
- finance leases (suspensive sale debtors)		7	8
Interest received - individual loan debtors		2	2
- finance leases (suspensive sale debtors)		6 910	11 546
Rent received from rental debtors		2 104	3 260
<b>Total</b>		<b>9 023</b>	<b>14 816</b>
<b>3 Other Revenue</b>			
<b>Revenue from non-exchange transactions</b>			
Transfers received from Department of Human settlements	17.1	172 925	245 825
Decrease in provision for doubtful debts		19 089	4 072
<b>Total</b>		<b>192 014</b>	<b>249 897</b>
<b>4 Expenditure</b>			
<b>4.1 Funded by the KwaZulu-Natal Housing Fund:</b>		<b>211 539</b>	<b>188 997</b>
Commissions paid on post office receipts		6	20
Depreciation - buildings	5	9 112	14 857
Devolution - properties		130 838	68 918
- debtors		4 089	-
EEDBS - capital adjustments / rebates / writeoffs		20 963	11 922
Induplum interest write back		6 604	10 122
Loss on sale of land and Buildings		39 926	83 152
Subsidies given to debtors on receipt of instalments		1	6



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2020/21 R'000	2019/20 R'000 Restated
<b>4.2 Funded by the Department of Human settlements and accruals:</b>		<b>161 270</b>	<b>259 418</b>
<b>Compensation of employees</b>			
Salaries and wages			
Basic salary		28 136	28 233
Performance awards		-	-
Service Based		247	324
Compensative / circumstantial		264	258
Other non-pensionable allowances		5 271	5 391
<b>Total</b>		<b>33 918</b>	<b>34 206</b>
<b>Social Contributions</b>			
Employer contributions			
Pension		5 102	3 170
Medical		2 327	2 282
Insurance and bargaining council		21	11
<b>Total</b>		<b>7 450</b>	<b>5 463</b>
<b>Total compensation of employees</b>		<b>41 368</b>	<b>39 669</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2020/21 R'000	2019/20 R'000 Restated
<b>Goods and services</b>			
Advertising		8	1 022
Audit fees		1 173	2 074
Assets less than R5,000		-	63
Catering		-	17
Computer services	4.3	-	398
Consultants, contractors and agency/outsourced services	4.4	1 216	695
Interest paid		-	31
Inventory	4.5	231	335
Property payments	4.6	49 307	45 349
Travel and subsistence		179	393
Other operating expenditure		586	231
<b>Total</b>		<b>52 700</b>	<b>50 608</b>
<b>Payment for financial assets</b>			
		-	17
<b>Transfers and subsidies</b>			
Provinces and municipalities	4.7	47 761	82 705
Households	4.8	19 441	86 419
<b>Total</b>		<b>67 202</b>	<b>169 124</b>
<b>Total expenditure</b>		<b>372 809</b>	<b>448 415</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

	2020/21 R'000	2019/20 R'000 Restated
<b>4.3 Computer services</b>		
External computer service providers	-	398
<b>4.4 Consultants, contractors and agency/outsourced services</b>		
Legal costs	789	600
Contractors	427	95
<b>Total</b>	<b>1 216</b>	<b>695</b>
<b>4.5 Inventory</b>		
<b>Opening balance</b>	2 336	2 435
Materials and supplies	136	236
<b>Closing balance</b>	(2 241)	(2 336)
<b>Total</b>	<b>231</b>	<b>335</b>
<b>4.6 Property payments</b>		
Municipal services and levies	45 454	39 950
Property maintenance and repairs	3 853	5 399
<b>Total</b>	<b>49 307</b>	<b>45 349</b>
<b>4.7 Provinces and municipalities</b>		
Property maintenance and rectification	35 000	60 193
Title deeds restoration programme	-	9 238
Rates and taxes	12 761	13 274
<b>Total</b>	<b>47 761</b>	<b>82 705</b>
<b>4.8 Households</b>		
Employee benefits	1 045	836
Rectification	18 396	85 583
<b>Total</b>	<b>19 441</b>	<b>86 419</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

5 Property, plant and equipment

	Cost/Valuation R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Carrying Value R'000
<b>2021</b>				
Land	419 254	-	-	419 254
Buildings	198 747	(56 719)	(15 423)	126 605
	<b>618 001</b>	<b>(56 719)</b>	<b>(15 423)</b>	<b>545 859</b>
<b>2020</b>				
Land	487 078	-	-	487 078
Buildings	408 427	(96 612)	(37 494)	274 321
	<b>895 505</b>	<b>(96 612)</b>	<b>(37 494)</b>	<b>761 399</b>

Reconciliation of property, plant and equipment

	Opening Balance	Additions	Disposal	Impairments	Impairments reversed	Revaluations	Depreciation	Total
<b>2021</b>								
Land	487 078	3 030	(61 097)	-	-	(9 757)	-	419 254
Buildings	274 321	3 690	(112 130)	-	698	(30 862)	(9 112)	126 605
	<b>761 399</b>	<b>6 720</b>	<b>(173 227)</b>	<b>-</b>	<b>698</b>	<b>(40 619)</b>	<b>(9 112)</b>	<b>545 859</b>
<b>2020</b>								
Land	492 542	4 722	(60 140)	-	-	49 954	-	487 078
Buildings	321 696	7 403	(94 552)	-	2 572	52 060	(14 858)	274 321
	<b>814 238</b>	<b>12 125</b>	<b>(154 692)</b>	<b>-</b>	<b>2 572</b>	<b>102 014</b>	<b>(14 858)</b>	<b>761 399</b>

Properties comprise vacant land, residential (serviced and unserviced) and commercial land and buildings.

Properties are stated at market valued.

**Revaluations**

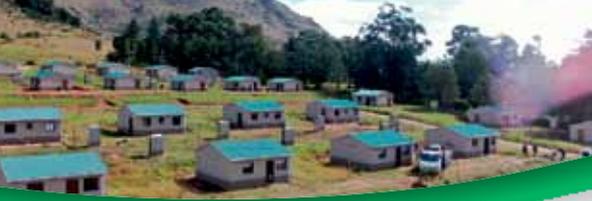
The effective date of the revaluations was 01 April 2019. Land and buildings are revalued at municipal values and where applicable an independent valuer was used.

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 2021**

	Note	2020/21 R'000	2019/20 R'000 Restated
<b>6 Receivables from exchange transactions</b>			
Clearing accounts	6.1	(1)	(53)
Rental debtors	6.2	22 696	39 504
Suspensive sale debtors	6.3	34 197	37 482
Less: provision for doubtful debts	6.3.3 / 3	(54 048)	(73 137)
<b>Total</b>		<b>2 844</b>	<b>3 796</b>
<b>6.1 Clearing Accounts</b>			
LI Suspense		-	(24)
Post Office		(1)	(29)
<b>Total</b>		<b>(1)</b>	<b>(53)</b>
<b>6.2 Rental debtors</b>	22.2	<b>22 696</b>	<b>39 504</b>
These debtors are in respect of rentals owing by individuals on properties rented.			
<b>6.3 Suspensive sale debtors</b>	22.2	<b>34 197</b>	<b>37 482</b>
Individual loans		17	15
Sold properties		34 180	37 467
<b>6.3.1</b>	These debtors are in respect of sales of individual properties where the monthly repayment is over a 30 year period. Ownership is transferred immediately with respect to individual loans and with respect to sold properties ownership is transferred on repayment of the loan in full.		
<b>6.3.2</b>	Induplum interest was written back during the current financial year - R 6,604 m		
<b>6.3.3</b>	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.			
<b>6.3.4</b>	Reconciliation between the total gross investment in the lease and present value of the minimum lease payments:		
<b>Gross investment in finance lease</b>			
Not later than 1 year		290	1 307
Later than 1 year and not later than 5 years		1 161	5 229
Later than 5 years		309	577
		<b>1 760</b>	<b>7 113</b>
Unearned future finance income		(797)	(3 771)
<b>Net investment in finance leases</b>		<b>963</b>	<b>3 342</b>
<b>6.4 Financial assets by category</b>			
<b>Financial instrument at amortised cost</b>			
Rental debtors		1 135	1 975
Suspensive sale debtors		1 710	1 874
<b>Total</b>		<b>2 845</b>	<b>3 849</b>



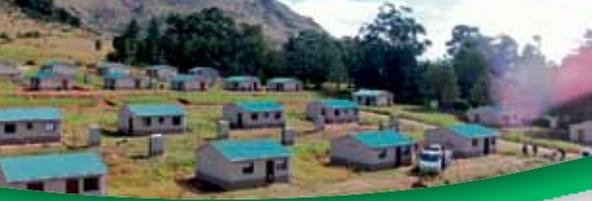
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Note</b>	<b>2020/21 R'000</b>	<b>2019/20 R'000 Restated</b>
<b>7 Receivables from non-exchange transactions</b>			
Department of Human Settlements		-	71
Provincial Revenue Fund		5 339	5 339
<b>Total</b>		<b>5 339</b>	<b>5 410</b>
<b>8 Payables from exchange transactions</b>			
Trade Creditors		7 174	18 928
Debtors' Credit Balances		137	152
<b>Total</b>	<b>10</b>	<b>7 311</b>	<b>19 080</b>
<b>9 Payables from non-exchange transactions</b>	<b>10 / 17.2</b>	<b>4 076</b>	<b>2 639</b>
<b>Department of Human Settlements</b>			
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.			
<b>10 Financial Liability by category</b>			
<b>Financial instrument at amortised cost</b>			
Trade creditors	<b>8</b>	7 174	18 928
Debtors' with credit balances	<b>8</b>	137	152
Department of Human Settlements	<b>9</b>	4 076	2 639
<b>Total</b>		<b>11 387</b>	<b>21 719</b>
<b>11 Reconciliation of net cash flows from operating activities:</b>			
<b>Deficit</b>		<b>(171 772)</b>	<b>(183 702)</b>
<b>Non - cash movements</b>			
<b>Revenue</b>			
admin fees received		(7)	(8)
rent received from rental debtors		(2 104)	(3 260)
Interest received on suspensive sale and individual loan debtors		(6 912)	(11 548)
Decrease in provision for doubtful debts		(19 089)	(4 072)
		<b>(199 884)</b>	<b>(202 590)</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note	2020/21 R'000	2019/20 R'000 Restated
<b>11 Reconciliation of net cash flows from operating activities to deficit (continued)</b>	<b>(199 884)</b>	<b>(202 590)</b>
<b>Expenditure</b>		
Increase in trade creditors	(11 753)	13 494
Depreciation	9 112	14 857
Devolution / deleted - debtors and properties	134 927	68 918
EEDBS - capital adjustments / rebates / writeoffs	20 767	11 846
Induplum interest write back	6 604	10 122
Loss on sale of land and buildings	39 926	83 152
Decrease in inventory	96	99
Subsidies given to debtors on receipt of instalments	1	6
	<b>(204)</b>	<b>(96)</b>
<b>Cash receipts and expenditure</b>		
Receipts from debtors	497	1 112
Recoverable expenditure relating to debtors	(1 731)	(2 140)
Increase in Department of Human Settlements	1 438	1 124
<b>Net cash flows from operating activities</b>	<b>-</b>	<b>-</b>
<b>12 Accumulated Funds</b>	<b>22</b>	<b>2</b>
<b>12.1</b> Debtors' with credit balances and LI suspense and PO suspense accounts, written-off against accumulated funds		
<b>13 Non-Distributable Reserve</b>		
<b>Revaluation of land and buildings</b>		
Restated balance	728 524	773 808
Prior year adjustment / Fundamental error -		
- Reversal of duplicate property	-	(580)
- Reversal of depreciation - ss conversion	-	5 472
- Reversal of duplicate property	-	(244)
- Reversal of depreciation duplicate property	-	47
<b>Balance at beginning of year - restated</b>	<b>728 524</b>	<b>778 503</b>
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve	(8 660)	(14 116)
Take-on of new properties	-	11 321
transfer of revaluation reserve realised on sale of properties	(161 076)	(151 770)
Impairments reversed on revalued portion of buildings	698	2 572
Revaluation adjustment	(35 203)	102 014
<b>Total</b>	<b>524 283</b>	<b>728 524</b>
<b>13.1</b> The non-distributable reserve arose as a result of revaluing of the land and buildings to market value.		
<b>14 Prior Year Adjustment</b>		
- Induplum interest write back	16	(711)
The prior year adjustment arose as a result of the induplum write back.		
<b>15 Commitments</b>		
<b>Capital expenditure</b>		
Approved and contracted for	3 476 066	3 546 797
<b>Total commitments</b>	<b>17.3</b>	<b>3 546 797</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2020/21 R'000	2019/20 R'000 Restated
<b>16.1 Correction of Prior Period Error</b>			
<b>Accumulated Funds</b>			22 731
Balance as previously reported			
Fundamental error:-			
- Cost portion of duplicate property written-off			(46)
- adjustment for depreciation - duplicate property			58
- adjustment for depreciation - conversion to SS			6 081
- adjustment for depreciation - transfer to revaluation reserve			(6 126)
Balance as currently reported			<u><u>22 698</u></u>
<b>Revaluation reserve</b>			
Balance as previously reported			723 216
- reversal of duplicate properties			(824)
- adjustment for depreciation - conversion to SS			6 081
- adjustment for depreciation - duplicate property			51
Balance as currently reported			<u><u>728 524</u></u>
<b>PPE - Land and Buildings</b>			
Balance as previously reported			756 124
- reversal of duplicate properties			(870)
- adjustment for depreciation - conversion to SS			6 081
- reversal of depreciation on duplicate property			64
Balance as currently reported	5		<u><u>761 399</u></u>

**Fundamental Error**

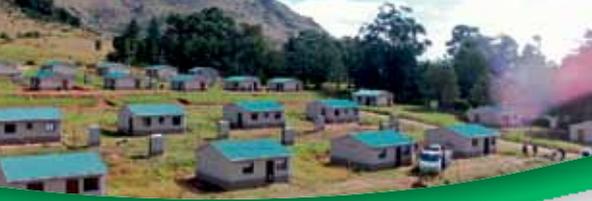
**PPE and Revaluation reserve**

The fundamental error arose as a result of performing a completeness test at 31 March 2021. 2 duplicate properties were on the fixed asset register was removed.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2020/21 R'000	2019/20 R'000 Restated
<b>17 Related party transactions</b>			
The following related parties were identified			
<b>17.1 Value of the Transactions</b>	<b>3</b>	<u><u>172 925</u></u>	<u><u>245 825</u></u>
The KwaZulu-Natal Housing Fund does not receive any funding from the National Department of Human Settlements. The Provincial Department of Human Settlements pays for its expenses in terms of DoRA.			
<b>17.2 Department of Human Settlements</b>	<b>9</b>	<u><u>4 076</u></u>	<u><u>2 639</u></u>
The Department of Human Settlements controls the KwaZulu-Natal Housing Fund. The said fund does not have its own bank account. All monies received by the said fund is deposited in the Departments bank account. This obligation is expected to be settled in the entities normal operating cycle, i.e. on receipts from its debtors.			
<b>17.3 Commitments</b>	<b>15</b>	<u><u>3 476 066</u></u>	<u><u>3 546 797</u></u>
These commitments are of a long term nature, in relation to the operations of the KwaZulu-Natal Housing Fund and in respect of maintenance and rectification of its properties.			
<b>17.4 Guarantees</b>			
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.			
<b>17.5 Shared Services</b>			
<b>Class of management</b>	<b>No of individuals</b>		
- Programmes 1, 2 & 3 - level 15 to 16	<b>2</b>	271	270
- level 14	<b>2</b>	636	775
- other	<b>107</b>	4 389	4 326
		<u><u>5 296</u></u>	<u><u>5 371</u></u>
The Department of Human settlements provides administrative and management services to the KwaZulu-Natal Housing Fund. The cost of R 2,847 m (2020 - R 5,371 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.			
<b>18 Inventory</b>			
Opening balance		2 336	2 435
Add: purchases		136	236
Less: issues		(231)	(335)
<b>Closing balance</b>		<u><u>2 241</u></u>	<u><u>2 336</u></u>
Inventory comprises of building and maintenance materials.			



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

Note	2020/21 R'000	2019/20 R'000 Restated
<b>19 Fruitless and Wasteful Expenditure</b>		
Opening balance	300	269
Add: fruitless expenditure - relating to the current year	-	31
Less: condoned	-	-
<b>Closing balance</b>	<u><u>300</u></u>	<u><u>300</u></u>
Relates to interest paid on unpaid levies.		
<b>20 Irregular Expenditure</b>		
<b>Reconciliation of irregular expenditure</b>		
Opening balance	22 709	22 709
Add: irregular expenditure - relating to the current year	-	-
Less: condoned	-	-
Irregular expenditure awaiting condonation	<u><u>22 709</u></u>	<u><u>22 709</u></u>
<b>Details of irregular expenditure</b>		
<b>Incident</b>		
Deviation from calling of bids and tax clearance certificates	<u><u>22 709</u></u>	<u><u>22 709</u></u>
<b>21 Contingent Liabilities</b>		
Contractual Dispute	<u><u>1 057</u></u>	<u><u>1 057</u></u>

**22 Risk Management**

**22.1 Financial Risk Management**

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

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

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

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

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



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 22.2 Credit Risk

Credit risk is the risk of the financial loss to the Fund if a customer to a financial instrument fails to meet its contractual obligations, and arises primarily from the Fund's receivables from customers.

#### Trade and Loans Receivables

The Fund's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The demographics of the Fund's customer base have less of an influence on credit risk. Geographically, there is no concentration of risk.

The Fund establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables and loans receivable. The collective loss allowance is determined, based on historical data payment statistics for similar financial assets.

The carrying amount of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Trade receivables from exchange transactions - rentals
Suspensive sale debtors
<b>Receivables from exchange transactions</b>
Less: Impairments
<b>Net receivables from exchange transactions</b>

Credit Rating		
Low	22 696	39 504
Low	34 197	37 482
6	<b>56 893</b>	<b>76 986</b>
	(54 048)	(73 137)
	<b>2 845</b>	<b>3 849</b>

Refer to note 1.8 of the accounting policies - impairment consideration

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;

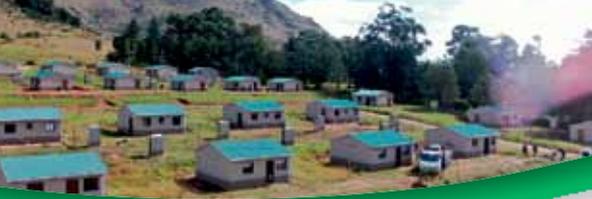
#### Aging of receivables from exchange transactions

-Due not later than 1 year	5 941	9 456
-Due later than 1 year and not later than 3 years	9 455	11 976
-Due later than 3 years	41 497	55 554
<b>Total</b>	<b>56 893</b>	<b>76 986</b>

### 22.3 Interest Rate Risk

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

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



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 22.4 Liquidity Risk

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

The table below analyses the fund's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end 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 Less than 1 year	R'000 between 1 and 2 years	R'000 Total
<b>2021</b>			
Trade and other payables	7 311	-	7 311
<b>2020</b>			
Trade and other payables	19 080	-	19 080

### 23 Going Concern

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

The Fund aims to finalise the sensitization of the properties meaning to transfer, delete and devolve the properties and phasing out of the debtor book by promoting ownership by March 2025, 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 2021**

**24 Budget vs Actual**

**24.1 Comparison of Budget to Actuals**

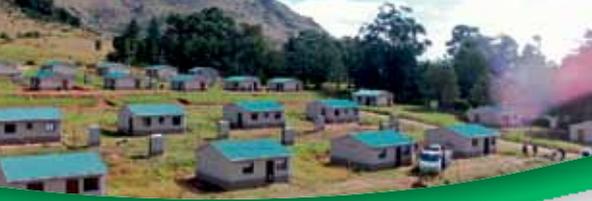
Economic classification	2020/21					2019/20		
	Adjusted Appropriation R'000	Virement R'000	Final Appropriation R'000	Actual expenditure on cash basis R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual expenditure on cash basis R'000
<b>Current</b>	<b>84 702</b>	<b>11 315</b>	<b>96 017</b>	<b>91 456</b>	<b>4 561</b>	<b>1</b>	<b>99 127</b>	<b>90 951</b>
Compensation of employees	46 078	(4 872)	41 206	39 445	1 761	0,0%	40 966	39 863
Goods and services	38 624	16 187	54 811	52 011	2 800	94,9%	58 161	51 057
Interest	-	-	-	-	-	-	-	31
<b>Transfers &amp; subsidies</b>	<b>83 112</b>	<b>(3 087)</b>	<b>80 025</b>	<b>81 469</b>	<b>(1 444)</b>	<b>101,8%</b>	<b>150 390</b>	<b>154 858</b>
Provinces & municipalities	73 112	-	73 112	47 811	25 301	65,4%	79 024	82 656
Households	10 000	(3 087)	6 913	33 658	(26 745)	486,9%	71 366	72 202
<b>Payment for capital assets</b>	<b>63</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>63</b>	<b>0,0%</b>	<b>-</b>	<b>-</b>
Machinery and equipment	63	-	63	-	63	0,0%	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,8%</b>	<b>-</b>	<b>17</b>
Financial transactions in assets and liabilities	-	-	-	-	-	1,8%	-	17
<b>Total</b>	<b>167 877</b>	<b>8 228</b>	<b>176 105</b>	<b>172 925</b>	<b>3 180</b>	<b>1,8%</b>	<b>249 517</b>	<b>245 826</b>

**Explanation of adjustment / virements**

The virements arose as a result of the increase in conveyancers for transfer fees and registration of sectional title schemes for Austerville and the increase in tariffs of municipal charges including rates and taxes.

**Explanation of variance**

The under expenditure is mainly due in respect of vacated posts resulting from early retirement of officials.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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

Economic classification	2020/21		2019/20	
	Actual expenditure on cash basis	Movement in accruals	Actual expenditure on accrual basis	Actual expenditure on cash basis
<b>Current</b>	<b>91 456</b>	<b>2 612</b>	<b>94 068</b>	<b>90 951</b>
Compensation of employees	39 445	1 923	41 368	39 863
Goods and services	52 011	689	52 700	51 057
Interest	-	-	-	31
<b>Transfers &amp; subsidies</b>	<b>81 469</b>	<b>(14 267)</b>	<b>67 202</b>	<b>154 858</b>
Provinces & municipalities	47 811	(50)	47 761	82 656
Households	33 658	(14 217)	19 441	72 202
<b>Payment for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Machinery and equipment	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>
Financial transactions in assets and liabilities	-	-	-	17
<b>Total</b>	<b>172 925</b>	<b>(11 655)</b>	<b>161 270</b>	<b>245 826</b>
				<b>13 592</b>
				<b>259 418</b>

**24.3 Budget information**

The KwaZulu-Natal's Housing Fund is subject to budgetary limits in the form of appropriations, which is given effect through authorising legislation.  
The KwaZulu-Natal's Housing Fund's source of funding is its appropriation from the Department of Human Settlements and receipts from its debtors.  
The approved budget and the expenditure is presented by economic classification  
The approved budget covers the fiscal period from 01 April 2020 to 31 March 2021

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.





## **KWAZULU-NATAL PROVINCE**

**HUMAN SETTLEMENTS**  
REPUBLIC OF SOUTH AFRICA

### **HEAD OFFICES**

Old Mutual Building  
203 Church Street  
Pietermaritzburg  
3201

Private Bag X9157  
Pietermaritzburg  
3201  
Tel: +27 33 392 6400  
Fax: +27 33 392 6454

Eagle Building  
353-356 Dr Pixley Kaseme Street  
Durban  
4000

Private Bag X54367  
Durban  
4000  
Tel: +27 31 336 5300  
Fax: +27 31 336 5338

Email: [info@kzndhs.gov.za](mailto:info@kzndhs.gov.za) Web: [www.kzndhs.gov.za](http://www.kzndhs.gov.za)

### **REGIONAL OFFICES**

#### **Coastal Region**

Eagle Building  
353-356 Dr Pixley Kaseme Street  
Durban  
4000  
Tel: +27 31 319 3600

#### **Inland Region**

199 Pietermaritz Street  
Pietermaritzburg  
3201  
Tel: +27 33 845 2000

#### **Northern Region**

Legislative Administration Building  
King Dinuzulu Highway  
Ulundi  
3838  
Tel: +27 35 874 2697

